

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
APRIL 25, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: NHC HealthCare, Farragut

PROJECT NUMBER: CN1712-037

ADDRESS: 120 Cavett Hill Lane
Farragut (Knox County), Tennessee 37934

LEGAL OWNER: NHC HealthCare/Farragut, LLC
100 Vine Street, Suite 1400
Murfreesboro (Rutherford County), TN 37130

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Dere K. Brown, Director
(615) 890-2020

DATE FILED: December 12, 2017

PROJECT COST: \$140,000

FINANCING: Cash Reserves

REASON FOR FILING: The addition of 6 Medicare certified skilled nursing facility (SNF) beds to the existing 100 bed Medicare certified skilled nursing home. *The 6 additional nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2017 to June 2018 state fiscal year period.*

DESCRIPTION:

NHC HealthCare, Farragut, seeks approval to increase from 100 to 106 total licensed beds through the addition of 6 beds from the 125 Nursing Home Bed

**NHC HealthCare, Farragut
CN1712-037
April 25, 2018
PAGE 1**

Pool for the 2017-2018 state fiscal year period. If approved, the 6 proposed beds will be Medicare certified consistent with the current status of its existing 100 Medicare certified (skilled) nursing home beds.

The applicant will renovate six rooms currently being used as private rooms for office/storage space and convert those rooms into use as semi-private patient rooms.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

Need

According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

See step 2 below for the Nursing Home Bed Need calculation.

2. **Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.**

According to the Tennessee Department of Health (TDH), the calculated nursing home bed need for Knox County in 2019 is 3,554 beds. There are fifteen active nursing homes in Knox County containing 1,827 licensed nursing home beds, one 25 bed nursing home in inactive status, and one Veteran's Administration (VA) nursing home with 140 licensed beds. VA nursing home beds are not subject to CON review, so they are not included as existing beds in the bed need formula. The result is a net need for 1,702 nursing home beds.

Since the applicant is requesting 6 additional beds, it appears that this criterion has been met.

Note to Agency members: Since state veteran nursing homes are not subject to CON review (Tennessee Code Annotated, §68-11 1607(c)(1-2)), utilization of the Ben Atchley Veterans Home will not be included in this summary.

3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The applicant's service area is Knox County and will not change as a result of the additional six Medicare certified beds proposed in the application. The majority of the service area population is within 30 minutes travel time. Review of the applicant's 2016 Joint Annual Report maintained by TDH revealed that residents of Knox County accounted for 857 or 48.1% of 1,780 total patients admitted to the facility in 2016.

It appears that this criterion has been met.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

There are currently fifteen active nursing homes in Knox County representing 1,827 beds, one inactive facility with 25 beds (Tennova Healthcare-Physician's Regional Medical Center's nursing home license was placed on inactive status by TDH for the September 2016-October 2018 period) for a combined total of 1,852 nursing home beds. The utilization of the nursing homes as reported in the 2016 Joint Annual Report (JAR) is identified on revised page 19 of the application. Five of the fifteen active nursing homes that filed a JAR in 2016 reported an occupancy rate at or above 90%.

It appears that this criterion has not been met.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

It appears that this criterion is not applicable.

- 5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.**

There is one outstanding CON in Knox County, CN1408-034A, Tennova Healthcare-Physicians Regional Medical Center. This CON involves the relocation and replacement of 25 inactive licensed nursing home beds to be constructed as part of the replacement 272 acute care bed hospital approved in CN1408-033A. The outstanding CON project will not increase the inventory of licensed nursing home beds in Knox County.

Note to Agency Members: A recent email from a Tennova representative indicated that this project will not be implemented.

It appears that this criterion has been met.

- 6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.**

The analysis above is based on data provided in the Department of Health's Joint Annual Report (JAR) and the Department of Health's Facility Licensure website.

It appears that this criterion has been met.

- 7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to**

NHC HealthCare, Farragut

CN1712-037

April 25, 2018

PAGE 4

provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is an existing 100 bed licensed nursing home requesting 6 additional licensed beds from the 125 Bed Nursing Home Bed Pool from the 2017-2018 state fiscal year period.

It appears that this criterion is not applicable.

- 8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

The proposed project only involves the addition of 6 licensed beds and will not replace the existing facility.

It appears that this criterion is not applicable.

- 9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess

competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

If approved, the applicant expects to hire an additional 2.7 FTE direct patient care positions to staff the additional 6 beds in the first year of the project.

It appears that this criterion has been met.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant discusses a multitude of agreements and arrangements in detail on pages 23-25 of the original application.

It appears that this criterion has been met.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents

cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant provides post-acute care services primarily to patients that are discharged directly after an acute care hospital stay. After spending an average of 20 days in the applicant facility receiving skilled nursing care and rehabilitative services, patients are then able to return to a less restrictive and less costly environment.

It appears that this criterion has been met.

12. **Quality Control and Monitoring:** The applicant should identify and the average occupancy document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant states that it currently meets Quality Assessment and Assurance requirements as mandated by TDH survey regulations and has begun preparation for implementation of proposed regulations for Quality Assurance and Performance Improvement (QAPI) mandated under the Affordable Care Act. Additionally, the applicant uses NHC's Quality Improvements Program Manual as a guide for internal committees and activities, actively monitors and responds to key patient outcome and Quality Measure data, including metrics focusing on pressure ulcers, weight loss, and falls with injuries, and works to improve health care services provided to residents.

It appears that this criterion has been met.

- 13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.**

The applicant will provide TDH and HSDA all reasonably requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

A revised table was provided in Supplemental 2 for the projected occupancy of the 6 additional beds and the 106 total nursing home beds at project completion. Occupancy of the 6 additional beds is projected at 85.9% in Year 1 increasing to 91.9% in Year 2. Occupancy for the 106-bed facility as a whole is expected to increase from 92.4% in Year 1 to 92.8% in Year 2.

It appears that this criterion has been met.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.**

NHC HealthCare, Farragut

CN1712-037

April 25, 2018

PAGE 8

As noted in the revised table on page 19 of the application, utilization was reported in the 2016 JAR for 15 of 17 nursing homes in Knox County. Utilization for the Ben Atchely State Veterans Home was omitted by the applicant because it is not subject to CON review, while utilization for Tennova Healthcare – Physicians Regional Medical Center was not available due to its inactive license status effective September 2016. Of the fifteen nursing homes reporting in 2016, there are twelve facilities that operate 50 or more beds. Of these, only four reported occupancy rates of 90% and higher in 2016.

The following chart reflects standards of the Medicare Nursing Home Compare Five Star Quality Rating System for reporting nursing homes in Knox County along with their 2016 occupancy rate.

Medicare Five Star Compare-Knox County Nursing Homes

Nursing Home	2017 Licensed Beds	Overall	Health Inspections	Staffing	Quality Measures	2016 Occupancy %
<i>Beverly Park Place Health and Rehab</i>	271	5	4	3	5	73.9%
<i>Fort Sanders TCU</i>	24	5	5	5	5	78.4%
<i>Holston Health and Rehab Center</i>	94	5	5	3	4	86.3%
<i>Island Home Park Health and Rehab</i>	95	2	2	3	3	76.5%
<i>Concordia Nursing and Rehab-Northaven fka Kindred</i>	96	2	2	2	2	85.4%
NHC Healthcare-Farragut	100	2	1	5	5	93.1%
<i>NHC Healthcare-Ft. Sanders</i>	166	5	5	3	5	84.6%
<i>NHC Healthcare-Knoxville</i>	129	3	2	3	5	74.1%
<i>Serene Manor Medical Ctr.</i>	79	1	2	3	1	93.8%
<i>Shannondale Healthcare Ctr.</i>	176	4	4	3	4	96.3%
<i>Summit View of Farragut</i>	113	1	1	3	2	90.8%
<i>Wellpark at Shannondale</i>	30	5	5	5	2	26.4%
<i>West Hills Health and Rehab</i>	194	4	3	4	2	53.4%
<i>Westmoreland Health and Rehabilitation Ctr.</i>	222	1	1	1	4	63.5%

Notes: VA nursing home, Tennova Healthcare, and Little Creek Sanitarium omitted from table (Tennova Healthcare-inactive license effective 09/2016; Little Creek-not certified for Medicare program. Sources: Medicare.gov - Nursing Home Compare, 11/16/2017; Application-pages 32 and 40, Attachments, pages 65-67a; Supplemental 1-Item 7.

Based on Medicare's Five Star System that scores health inspections, staffing, and quality measures, there are 5 nursing home in Knox County with an overall score of 5 out of 5 (much above average). The applicant scored a 2 (below average) during the most recent Medicare Compare overall rating period, from ratings of 5 over the prior seven year consecutive period. The applicant addresses the matter in further detail in Item 7 of Supplemental 1.

It appears that this criterion has not been met regarding the occupancy standard; however, six service area nursing homes received

NHC HealthCare, Farragut

CN1712-037

April 25, 2018

PAGE 10

a below or much below average overall rating (1 or 2) for the most recent Medicare Five Star program ratings.

Note to Agency members; The Nursing Home Compare Web site features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

- *Health Inspections - The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.*
- *Staffing - The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.*
- *Quality Measures (QMs) - The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12*

million assessments of the conditions of nursing home residents are used in the Five-Star rating system. Source: www.cms.gov

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

The applicant attained an occupancy rate of 93.1% in the previous JAR reporting year (2016). The year to date occupancy of the facility at the time of filing the CON application was 95.4% for the ten month period ending October 31, 2017.

It appears that this criterion is met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Application Synopsis

The applicant proposes to add 6 Medicare certified beds to its existing 100 bed nursing home located at 120 Cavett Hill Lane in Farragut (Knox County), TN. The facility average daily census has ranged from 93-96 patients per day during the 2014-2016 consecutive three year period for an average bed occupancy rate of approximately 94.4%. This project involves approximately 2,292 square feet (SF) of renovated existing space to accommodate the additional six beds.

125 bed Nursing Home Bed Pool

- The applicant is requesting 6 new beds which will come from the Nursing Home 125 bed pool for the July 2017 to June 2018 state fiscal year period.
- There are currently 86 nursing home beds available in the July 2017 to June 2018 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Facility Information

- NHC Healthcare, Farragut was originally constructed in 1997 with renovations taking place in 2005.

- The facility is located approximately 9 miles from Parkwest Medical Center.
- The nursing home is located on a 17.8 acre campus. Other structures include an 84-unit assisted living center (NHC Place, Farragut) and a new 60 unit memory care assisted living center (NHC Farragut Memory Care).
- The 6 additional beds will be housed in 2,295 square of space being used as private patient rooms on the first and second floors of the facility. The existing private rooms will be renovated and converted for use as semi-private patient rooms.
- The chart below identifies the facility's current and proposed bed mix:

NHC Healthcare, Farragut-Bed Mix

Bed Mix	Private Beds	%Total	Semi-Private Beds	% Total	Ward Beds	% Total
Current (100)	58	58%	42	42%	0	0%
Proposed (106)	52	49%	54	51%	0	0%

Ownership

- NHC/OP, LP owns 100% of NHC Healthcare/Farragut, LLC.
- NHC/OP, LP owns 100% of other nursing facilities in other states. See Attachment A.4 for an organization chart and a list of the other nursing facilities owned by NHC/OP, LP.

Management

- The nursing home is not managed by an outside entity.

NEED

Project Need

- The applicant is requesting 6 additional nursing home beds. The nursing home bed need formula identifies a net need of 1,702 nursing home beds in Knox County in calendar year 2019.
- The applicant is projecting an occupancy rate of 92.4% on 106 total beds in the first year of the project (2019) increasing to 92.8% in Year 2. The most recent JAR (2016) reported an average occupancy of 93.1% on 100 beds.

Service Area Demographics

The applicant's declared service area is Knox County. The applicant revised the demographics provided for Knox County on page 17 of the original application at the request of HSDA staff (*Supplemental 1, Item 8*) to reflect the 2017 and 2019 (projected) annual periods. An overview of the service area is provided as follows:

- The total population of the service area is estimated at 472,075 residents in calendar year (CY) 2017 increasing by approximately 2.4% to 483,425 residents in CY 2019.
- The overall statewide population is projected to grow by 2.2% from 2017 to 2019.
- The 65 and older population is expected to comprise approximately 16.3% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Knox County will increase by approximately 7.3% from CY2017 to CY2019 compared to the statewide increase of 7.7% during the same period.
- The proportion of TennCare enrollees of the total county population is 16.4%, compared with the state-wide average of 21.0%.

Service Area Historical Utilization

The inventory and utilization of nursing homes in Knox County is summarized in the tables below.

Service Area Patient Accommodation Mix-2016 JAR

Nursing Home	Licensed Beds	*Total Private Beds	% Total **	*Total Semi-Private Beds	% Total **	*Ward Beds	% Total **
Beverly Park and Place Health and Rehab	271	63	23%	208	77%	0	0
Fort Sanders TCU	24	24	100%	0	0	0	0
Holston Health and Rehabilitation Center	94	38	40%	52	60%	0	0
Island Home and Park Health and Rehab	95	3	3%	92	97%	0	0
Concordia Nursing and Rehab-Northhaven fka Kindred	96	4	4%	78	81%	14	15%
Little Creek Sanitarium	38	32	84%	6	16%	0	0
NHC Healthcare, Farragut	100	58	58%	42	42%	0	0
NHC Healthcare, Ft. Sanders	166	12	7%	154	93%	0	0
NHC Healthcare, Knoxville	129	35	27%	94	73%	0	0
Serene Manor Medical Center	79	8	10%	26	33%	45	57%
Shannondale Health Care Center	176	176	100%	0	0	0	0
Summit View of Farragut, LLC	113	2	2%	111	98%	0	0
Wellpark at Shannondale	30	30	100%	0	0	0	0
West Hills Health and Rehab	194	62	50%	62	50%	0	0
Westmoreland Health and Rehabilitation Center	222	0	0	222	100%	0	0
TOTAL	1,827	547	29.9%	1,147	62.8%	59	3.2%

Note: Does not include beds from Tennova Healthcare-Physicians Regional Medical Center (inactive license effective 09/2016) or the Senator Ben Atchley Veterans Home (VA facility). Source: 2016 JAR; Application pg.55

**Set up and staffed beds*

***Calculated on licensed beds*

- Based on data from the 2016 JAR shown in the table above, approximately 30% of the total combined nursing home beds in Knox County are private beds.
- There are 3 all private bed nursing homes in Knox County.
- Westmoreland Health and Rehabilitation Center is the only nursing home in Knox County that is 100% semi-private.

Knox County Nursing Home Utilization 2016

Nursing Home	Lic. Beds	Mcare Only Certified Beds	Dually Certified Beds	Level 1 Mcaid Beds	Lic. Only Non-Certified	Skilled Mcare ADC	Level 2 Mcaid ADC	Skilled Other Payors ADC	Non Skilled ADC	Total ADC
Beverly Park Place Health and Rehab	271	0	271	0	0	28	1.3	0	170	199.3
Fort Sanders TCU	24	24	0	0	0	17	0	1.3	0	18.3
Holston Health and Rehab Center	94	0	94	0	0	38	0.2	0	43	81.2
Island Home Park Health and Rehab	95	0	95	0	0	11	1.5	0.8	60	73.3
Kindred Health and Rehab-Northaven	96	0	96	0	0	15	1.3	0	65	81.3
Little Creek Sanitarium	38	0	0	0	38	0	0	0	36	36.0
NHC Healthcare-Farragut	100	100	0	0	0	76	0	8	9	93.0
NHC Healthcare-Ft. Sanders	166	0	166	0	0	43	9.5	0	88	140.5
NHC Healthcare-Knoxville	129	0	129	0	0	33	2	0	61	95.0
Serene Manor Medical Ctr.	79	0	0	79	0	0	0	0	74	74.0
Shannondale Healthcare Ctr.	176	0	176	0	0	23	0	40	106	169.0
Summit View of Farragut	113	0	113	0	0	18	1.0	5	79	103.0
Tennova Healthcare*	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wellpark at Shannondale	30	30	0	0	0	8	0	0.11	0	8.1
West Hills Health and Rehab	194	0	194	0	0	26	0	0	77	103.0
Westmoreland Health and Rehabilitation	222	0	222	0	0	18	1.2	0	122	141.2
TOTAL	1827	154	1,556	79	38	354	18	55.2	990	1,416.2

Note: Tennova Healthcare's 25 beds went into inactive status effective 09/2016

The utilization table above reflects the following:

- Of the 15 Knox County nursing homes reporting in 2016, 1,556 of the 1,827 (85.2%) licensed beds are dually certified beds.
- Average combined daily census (ADC) was approximately 1,416 patients per day or 77.4% of all reported licensed beds in CY2016.
- Non-skilled patients accounted for the highest utilization at 990 patients per day or approximately 70% of total ADC in CY2016.
- Medicare Skilled ADC was 354 patients per day or 25% of total ADC.
- Medicaid Level 2 ADC was 18 patients per day or 1.3% of total ADC.
- Other Payor Skilled ADC was 55.2 patients per day or 3.9% of total ADC.

Knox County Nursing Homes Utilization Trends, 2014-2016

Nursing Homes	2018 Licensed Beds*	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14-'16 % Change	2014 % Occ.	2015 % Occ	2016 % Occ
Beverly Park Place Health and Rehab	271	85,277	83,575	73,109	-14.3%	86.2%	84.5%	73.9%
Fort Sanders TCU	24	7,022	6,628	6,872	-2.1%	80.2%	75.7%	78.4%
Holston Health & Rehabilitation Center	94	28,706	28,517	29,618	3.7%	72.2%	83.1%	86.3%
Island Home Park Health and Rehab	95	30,160	26,322	26,633	-12.0%	87.0%	75.9%	76.5%
Kindred Nursing and Rehabilitation- Northhaven	96	31,379	30,590	29,931	-4.6%	89.6%	87.3%	85.4%
Little Creek Sanitarium	38	13,260	12,765	13,086	-1.3%	95.6%	92.0%	94.3%
NHC HealthCare- Farragut	100	34,919	34,418	33,977	-2.7%	95.7%	94.3%	93.1%
NHC HealthCare-Fort Sanders	166	50,717	46,608	51,239	1.0%	83.7%	76.9%	84.6%
NHC HealthCare- Knoxville	129	38,834	35,302	34,906	-10.1%	76.5%	75.0%	74.1%
Serene Manor Medical Center	79	27,039	26,537	27,036	0.0%	93.8%	92.0%	93.8%
Shannondale Health Care Center	176	66,166	62,775	61,865	-6.5%	****90.6%	97.7%	96.3%
Summit View of Farragut	113	36,934	25,675	37,464	1.4%	89.5%	62.2%	90.8%
Tennova Healthcare- Physicians Regional Medical* Center**	NA	6,715	6,093	NA	NA	73.6%	62.2%	NA
WellPark at Shannondale***	30	NA	109	2,893	NA	NA	11.4%	26.4%
West Hills Health and Rehab	194	48,910	44,922	37,815	-22.7%	69.1%	63.5%	53.4%
Westmoreland Health & Rehabilitation Center	222	52,628	52,496	51,449	-2.2%	65.0%	65.4%	63.5%
Total	1,827	558,666	523,332	517,893	-7.3%	82.9%	77.4%	77.7%

NA=Not Available

*Excludes beds from Ben Atchley State Veterans Home

**Tennova Healthcare went into inactive license status effective September 2016

NHC HealthCare, Farragut

CN1712-037

April 25, 2018

PAGE 18

*** WellPark at Shannondale was licensed October 2015 and reported data for November-December 2015.

****Based on 200 licensed beds in 2014

Source: Nursing Home JAR, 2014-2016; Health Facility Licensure website

- Utilization of 10 of 14 nursing homes reporting in all three years in Knox County decreased by approximately 7.3% from 2014 to 2016. The ten Knox County nursing homes reported declining utilization of -1.3% to -22.7% from 2014 to 2016.
- Only three of the fourteen reporting Knox County nursing homes reported increased utilization during 2014-2016 ranging from 1.0% to 3.2%.
- One nursing home reported no utilization change.
- 2016 bed occupancy ranged from 26.4% at Wellpark at Shannondale (30 beds) to 96.3% at Shannondale Healthcare Center (176 beds).

Applicant Historical and Projected Utilization

The following table indicates the applicant's historical and projected utilization.

Applicant's Historical and Projected Utilization

Nursing Home	2014 Patient Days (100 beds)	2015 Patient Days (100 beds)	2016 Patient Days (100 beds)	2014 % Occ.	2015 % Occ.	2016 % Occ.		Year 1 Patient Days (106 beds)	Year 2 Patient Days (106 beds)	Yr. 1 2019 Occ.	Yr. 2 2020 Occ.
NHC Healthcare- Farragut	34,919	34,448	33,977	95.7%	94.3%	93.1%		35,765	35,994	92.4%	92.8%

Source: CN1712-037

- Patient occupancy declined during the 3 year period from 95.7% in 2014 to 93.1% in 2016 on 100 licensed beds.
- The facility occupancy is projected at 92.4% in Year One and 92.8% in Year Two on 106 licensed beds.

The table below shows the projected utilization of the project.

**NHC HealthCare, Farragut
CN1712-037
April 25, 2018
PAGE 19**

NHC Healthcare-Farragut--Projected Utilization Year 1 and 2

Year	Licensed Beds	Medicare certified beds	Skilled Medicare ADC	Level 2 Medicaid ADC	Skilled Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
Proposed 6 bed Addition								
2019	6	6	5.2	0	0	0	5.2	85.9%
2020	6	6	5.5	0	0	0	5.5	91.9%
106 Bed Facility (100 existing beds + proposed 6 bed addition)								
2019	106	106	81	0	8	9	98.1	92.4%
2020	106	106	82	0	8	9	98.35	92.8%

Source: CN1712-037, Supplemental 2, Item 2

- The table above reflects that the occupancy of the facility will increase from 92.4% in Year 2019 to 92.8% in Year 2020 following project completion as the additional 6 beds go into service.
- By 2020, skilled Medicare ADC is projected to equal 83.4% of total ADC
- The average daily census (ADC) for the proposed 6 bed addition is projected to reach 5.2 patients per day reflecting a licensed occupancy of 85.9% in Year 2019 increasing to 5.5 patients per day reflecting a licensed occupancy of 91.9% in Year 2020.

FINANCIAL FEASIBILITY

Project Cost

The total project cost is \$140,000. Major costs are:

- Construction - \$50,000 with \$2,500 Contingency or 37.5% of total cost.
- The next highest expense is Moveable Equipment at \$37,500 or 26.8% of total cost.
- For other details on Project Cost, see Revised Project Cost Chart on page 44 of the application.
- As clarified by the applicant in Supplemental 1, Items 1 and 11 (revised Square Footage and Cost Per Square Footage Chart), the project's construction cost is approximately \$21.82/PSF, which falls between the 1st quartile (\$6.51/PSF) and the median (\$58.39/PSF) renovated construction costs of statewide nursing home construction projects from 2014 to 2016.

**Nursing Home Construction Cost per Square Foot
2014-2016**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$6.51/sq. ft.	\$174.53/sq. ft.	\$90.46/sq. ft.
Median	\$58.39/sq. ft.	\$181.72/sq. ft.	\$158.75/sq. ft.
3rd Quartile	\$90.46/sq. ft.	\$188.39/sq. ft.	\$181.72/sq. ft.

Source: HSDA Applicant's Toolbox

Financing

The proposed project will be financed from cash reserves of National HealthCare Corporation, a NYSE publically traded company.

- A December 11, 2017 letter from Brian F. Kidd, Senior Vice President, Controller and Principal Accounting Officer attests to a balance of approximately \$69 million in cash and cash equivalents that can be available on immediate notice to fund the project.
- Review of the NHC's quarterly report filed with the Security and Exchange Commission (Form 10-Q) revealed on December 31, 2016 current assets of \$290,857,000 including cash and cash equivalents of \$26,335,000, and current liabilities of \$150,928,000 for a **Current Ratio** of approximately 1.93 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

- The applicant projects a net operating margin ratio for the total facility of 11.15% in Year 1 and 14.95% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

- NHC's capitalization ratio is 15.2%.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

The applicant provided a historical data chart on page 90 of the application attachments.

- According to the Historical Data Chart, NHC HealthCare-Farragut experienced an operating loss for one of the three most recent years reported: (\$697,525) for 2014; \$394,247 for 2015; and \$57,294 for 2016.

Projected Data Chart

The applicant provided the following two Projected Data Charts: 1) Projected Data Chart for the total 106 bed facility at project completion, and 2) Projected Data Chart for the proposed 6 beds. Highlights from the 2 Projected Data Charts are shown in the table below.

Applicant's Projected Financial Performance

Projected Financial Performance	Year 1 6 bed Addition	Year 2 6 bed Addition	Year 1 Existing 100 beds + 6 bed addition	Year 2 Existing 100 beds + 6 bed addition
Total Patient Days	1,881	2,017	35,765	35,994
Gross Revenue	\$1,220,074	\$1,360,607	\$26,004,056	\$26,958,047
Average Gross Revenue/PPD (per patient day)	\$648.63	\$674.57	\$727.08	\$748.96
Provision for Charity	\$0	\$0	\$0	\$0
Net Revenue	\$871,267	\$953,181	\$18,132,668	\$18,781,134
Operating Costs	\$774,087	\$810,692	\$16,887,913	\$17,453,404
Operating Costs/PPD	\$411.52	\$401.93	\$472.19	\$484.90
Management Fees to Affiliates	\$33,944	\$37,694	\$551,786	\$572,533
Net Operating Income	\$90,434	\$135,743	\$179,844	\$260,013
Free Cash Flow	\$91,180	\$136,489	\$1,053,270	\$1,133,439

Source: CN1712-037

Highlights from the table above are noted as follows:

- Using the Projected Data Chart the applicant submitted for the 6 bed addition, Net Operating Income (NOI) is projected to be \$90,434 in Year 1 increasing by approximately 50% to \$135,743 in Year 2.
- Review of the Projected Data Chart for the entire 106 bed facility at project completion revealed NOI of \$179,844 in Year 1 increasing by approximately 44.4% to \$260,013 in Year 2.

- There are no deductions from Gross Operating Revenue for Charity Care in the Projected Data Charts provided for the proposed 6 bed addition and the 106 bed facility at project completion.

Charges

The applicant's projected charges will increase in Year 1 and Year 2 from the most recent fiscal year period (9 months ending 9/30/2017). A comparison of the applicant's charges in 2016 and projected charges in Year 2 (2020) to other Knox County facilities can be found on page 121 of the application attachments.

The average gross daily patient charge and average net charge after deductions for contractual adjustments, charity and bad debt is shown in the table below.

Applicant's Historical and Projected Charges

Description	2016	2017 YTD (as of 9/30/17)	Year 1	Year 2	% Change (from 2017YTD)
Gross Charge	\$667.54	\$620.00	\$648.63	\$674.57	8.80%
Average Net Charge	\$468.33	\$449.81	\$463.19	\$472.57	5.06%

Payor Mix

- The applicant is a Medicare only certified facility and does not participate in TennCare. The revised payor mix in Year 1 for skilled nursing care is shown in the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Gross Operating Revenue (6 beds)	% of Total	Gross Operating revenue (106 beds)	% of Total
Medicare	\$1,209,312	99.1%	\$23,556,712	90.6%
TennCare	0	0	0	0
Managed Care	0	0	0	0
Commercial	0	0	0	0
Self-Pay	0	0	\$1,775,787	6.8%
Charity Care	0	0	0	0
Other	10,762	0.88%	\$671,557	2.6%
Total	\$1,220,074	100%	\$26,004,056	100%

Source: CN1712-037, revised page 54 of the application

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- NHC Healthcare-Farragut has an active license from the Tennessee Department of Health that will expire on April 22, 2019.
- The most recent recertification survey was conducted on October 23-25, 2017.
- The applicant was notified by the East Tennessee Regional Office, Division of Health Care Facilities, Tennessee Department of Health on November 20, 2017 that the facility's plan of correction was approved and that the facility was in compliance with all participation requirements.
- Please see the table on page 67a of the application attachments for a comparison of the applicant's number of health survey deficiencies to other Knox County nursing homes for the most recent three consecutive survey periods. A comparison to state and national survey deficiencies is also provided in the table.

Certification

- The applicant is certified for participation in the Medicare program.

Accreditation

- NHC Healthcare-Farragut is not accredited.

Other Quality Standards

- The applicant commits to obtaining and/or maintaining the following:
 - Staffing levels
 - Licenses in good standing
 - Medicare certifications
 - Three years substantial compliance with federal and state regulations. Has not been decertified in last three years.
 - Self-assessment and external peer assessment processes
 - Data reporting, quality improvement, and outcome/process monitoring systems
- The applicant participates in the Quality Improvement in Long Term Services and Support Initiative (QuiLTSS)

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant has agreements and arrangements for health services with multiple hospitals, home health and hospice agencies, and assisted living facilities. For details on these agreements/arrangements see pages 57 and 58 of the original application.

Impact on Existing Providers

Positive Effects

- The proposed project will expand needed skilled nursing home beds.
- The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors, and area hospitals

Negative Effects

- The project will not have a negative effect on the health care system because the 6 additional beds represent only 0.4% of the estimated 1,702 additional beds needed in Knox County.

Staffing

The additional direct care staffing in full time equivalents (FTE) in Year 1 for the proposed 6 bed addition is shown below.

- 0.7 RNs
- 2.0 CNAs

The total clinical staffing in full time equivalents in Year 1 for the total 106 bed facility is shown below.

- 22 RNs
- 16 LPNs
- 38 CNAs
- 3 Physical Therapy Aides
- 79-Total Direct Care FTE (from 73 FTE in 2016)
- Staff to Patient Ratio-6.01 hours per patient/day

Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year. Current licensure standards require nursing homes to have adequate numbers of licensed registered nurses, licensed practical nurses and certified nurse aides to provide nursing care to all residents as needed. Nursing homes shall provide a minimum of 2 hours of direct care to each resident every day including 0.4 hours of licensed nursing personnel time. There must be

NHC HealthCare, Farragut

CN1712-037

April 25, 2018

PAGE 25

supervisory and staff personnel for each department or nursing unit to ensure, when needed, the availability of a licensed nurse for bedside care of any resident. Source: Chapter 1200-08-06-.06, Rules of the Board for Licensing Health Care Facilities, Division of Health Care Facilities, Tennessee Department of Health (revised March 2014).

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON will expire in 2 years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications for this applicant.

Note: the applicant's parent company NHC HealthCare Corporation has financial interests in this and other Certificate of Need projects as follows:

Outstanding Certificates of Need

NHC HealthCare Johnson City, CN1711-033A, has an outstanding Certificate of Need that will expire on April 1, 2020. The project was approved at the February 28, 2018 Agency meeting for the addition of 7 Medicare certified SNF beds to the existing 160 bed dually certified skilled nursing home at 3209 Bristol Highway Johnson City (Washington County), Tennessee. The applicant will renovate seven rooms currently being used for office/storage space and convert those rooms into seven private patient rooms. The total licensed bed complement will increase to 167 Medicare/Medicaid certified SNF beds. **The total estimated project cost was \$474,000.** *Project Status: This project was recently approved.*

NHC HealthCare Cookeville, CN1604-014A, has an outstanding Certificate of Need that will expire on October 1, 2018. The project was approved at the August 24, 2016 Agency meeting for the addition of 10 Medicare certified SNF nursing home beds to the existing 94-licensed bed nursing home at 815 South Walnut Street Cookeville (Putnam County), Tennessee 38501. The applicant plans the construction of 10 additional private SNF patient rooms and 2,000 SF of additional therapy space, and the renovation and conversion of 12 existing patient rooms from semi-private to private rooms. Other renovations involve

updating the kitchen, dish room, and the addition of a two story office/storeroom building. The total licensed bed complement will increase to 104 Medicare certified SNF beds. **The total estimated project cost was \$4,806,490.** *Project Status: Per a Progress Report submitted to HSDA on 10/03/2017, NHC indicated that due to organizational changes, the project was delayed. It is anticipated that it will begin in early 2018 and be completed by November 2019. An extension request is projected once a timetable has been established.*

The Health Center of Hermitage, CN1404-011A, has an outstanding Certificate of Need that will expire on August 1, 2019. *(Note: The extension of the project's original expiration date from August 1, 2017 to August 1, 2019 was approved at the December 14, 2016 Agency meeting).* The project was approved at the June 25, 2014 Agency meeting for the change of site/relocation of 90 beds to be Medicare certified as approved and unimplemented in CN1306-022A from the original unaddressed 13 acre site at Bell Road near Woodland Point Road and Couchville Pike in Nashville, Davidson County, Tennessee to a new site containing approximately 14.02 acres at 4214 Central Pike, Hermitage, Davidson County, Tennessee. The project was not subject to the 125-bed Nursing Home Bed Pool for the 2013-2014 state fiscal year period. **The total estimated project cost was \$19,241,697.00** *Project Update: Based on a 1/31/18 email from a representative of the applicant, construction is not yet underway due to ongoing evaluation of market and reimbursement changes. If it is determined that the project cannot be completed before the expiration date of the CON, a request for extension will be submitted.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, CN1408-034A, has an outstanding Certificate of Need that will expire on January 1, 2019. The project was approved at the November 19, 2014 Agency meeting for the replacement and relocation of the 25 bed nursing home which is located in Physicians Regional Medical Center. The nursing home proposed to relocate from the hospital from 900 E. Oak Hill Avenue, Knoxville (Knox County) to a site at the

**NHC HealthCare, Farragut
CN1712-037
April 25, 2018
PAGE 27**

intersection of Middlebrook Pike and Old Weisgarber Road across from Dowell Springs Boulevard, Knoxville (Knox County), a distance of approximately nine (9) miles from the current facility. The estimated project cost was **\$6,454,796.00**. *Project Status: Per a 4/12/18 progress report, the project will not be implemented.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME/PJG; 4/18/2018

NURSING HOME BED POOL STATS

July 1, 2017 through June 30, 2018
125 BED POOL

Nursing Home Beds APPROVED	39 NH Beds
Nursing Home Beds DENIED	0 NH Beds
Total Beds AVAILABLE from Bed Pool	86 Beds Available

Nursing Home Beds PENDING	6 NH Beds
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<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITION</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Clay	CN1708-024	Celina Health and Rehabilitation Center	Approved	12/13/2017	The addition of 12 dually certified nursing home beds to an existing 66 bed facility.
Wilson	CN1708-026	Pavilion - THS, LLC	Approved	12/13/2017	The addition of 20 Medicare skilled nursing home beds to an existing 60 bed facility.
Washington	CN1711-033	NHC Healthcare - Johnson City	Approved	2/28/2018	The addition of 7 Medicare certified skilled nursing facility beds.
Knox	CN1712-037	NHC Healthcare - Farragut	Pending	4/25/2018	The addition of 6 Medicare skilled nursing facility beds to an existing 100 bed nursing home.

NHC HealthCare, Farragut
CN1712-037
April 25, 2018
PAGE 29

LETTER OF INTENT



State of Tennessee

31

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Knoxville News-Sentinel which is a newspaper
(Name of Newspaper)
of general circulation in Knox, Tennessee, on or before December 8, 20 17
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC Healthcare, Farragut Nursing Home
(Name of Applicant) (Facility Type-Existing)
owned by: NHC HealthCare/Farragut, LLC. with an ownership type of Limited Liability Company
and to be managed by: NHC HealthCare/Farragut, LLC. intends to file an application for a Certificate of Need
for: the addition of six (6) new Medicare certified SNF nursing home beds to the existing 100 bed nursing home called NHC
HealthCare, Farragut, located at 120 Cavett Ln, Farragut, (Knox Co.) TN 37934. NHC HealthCare, Farragut is certified for
Medicare participation. The estimated project costs is \$140,000.

The anticipated date of filing the application is: December 12, 20 17.

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)
[Signature] 12/6/17 Bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Application (Copy)

NHC HealthCare
/Farragut, LLC

CN1711-037



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

NHC HealthCare, Farragut
 Name

120 Cavett Hill Ln
 Street or Route

Knox
 County

Farragut
 City

TN
 State

37934
 Zip Code

Website address: <http://www.nhcfarragut.com>

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Bruce K. Duncan
 Name

Assistant Vice President
 Title

National HealthCare Corporation
 Company Name

bduncan@nhccare.com
 Email address

100 Vine St, 12th Floor
 Street or Route

Murfreesboro
 City

TN
 State

37130
 Zip Code

Employee
 Association with Owner

615-890-2020
 Phone Number

615-890-0123
 Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant; **The proposed project is for the addition of 6 new Medicare certified nursing home beds to the existing 100 bed nursing home called NHC HealthCare, Farragut, located at 120 Cavett Hill Ln, Farragut (Knox Co.) TN 37934. NHC HealthCare, Farragut is located approximately nine miles or 14 minutes from Covenant Health's, Parkwest Medical Center, Covenant's flagship system and one of the top rated acute care centers in the State of Tennessee.**

NHC HealthCare, Farragut

Bed Mix	Private Beds	%Total	Semi-Private Beds	% Total	Ward Beds	% Total
Current (100)	58	58%	42	42%	0	0
Proposed (106)	52	49%	54	51%	0	0

NHC HealthCare, Farragut was originally constructed in 1997. In 2005, construction was complete on a 30 bed addition. Located on the same campus is an 84 unit assisted living facility NHC Place, Farragut and under construction is NHC Farragut Memory Care, a new 60 unit dedicated memory care assisted living facility.

- 2) Ownership structure; **NHC HealthCare/Farragut, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare/Farragut, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states.**
- 3) Service area; **Knox County**
- 4) Existing similar service providers; **While it's true there are other nursing homes in Knox County, NHC HealthCare, Farragut has consistently been the preferred provider with area referral sources and patients. Furthermore, due to patient arrangements with area providers, other similar services providers are not available to be used for patient placement in all cases. These arrangements are based heavily on quality standards for which NHC HealthCare, Farragut is the market leader.**
- 5) Project cost; **The total project cost is \$140,000, which is comprised of the renovation of 2,292 sq. ft. of existing patient rooms, along with moveable and fixed equipment cost and other CON related expenses such as filing fees.**
- 6) Funding; **The project will be funded through cash reserves which have been appropriately documentation from Chief Financial Officer of the organization;**
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; **As indicated on the Projected Data Chart, NHC HealthCare, Farragut's proposed 6 bed addition will be financially feasible both in the short term and is projected to remain financially feasible in the future. Furthermore, the overall financial performance of the center will also be improved with the proposed 6 bed addition.**

- 8) **Staffing; The staffing increase projected to year one for licensed staff is minimal due to the small number of beds being requested. Specifically, one (0.70 FTE) RN and approximately three (2.8 FTE) certified nurse aides are being projected in year one.**

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) **Need; Based on the Skilled Bed Need methodology found in the Certificate of Need Standards and Criteria, Nursing Home Services, there is a need for an additional 1,963 skilled nursing home beds in Knox County projected for 2020. Six (6) new beds are being requested as part of this CON, which represents 0.3 percent of the total beds projected to be needed in the Certificate of Need Standards and Criteria, Nursing Home Services for 2020. The 125-bed pool, which is effective from July 1, 2017 through June 30, 2018, will be affected. There are currently 125 beds left in the pool as of this filing, with 32 beds pending at the December 2017 HSDA meeting.**
- 2) **Economic Feasibility; The Projected Data Chart demonstrates the project is financially feasible in year one with positive net operating income less capital expenditures.**
- 3) **Appropriate Quality Standards; NHC HealthCare, Farragut has consistently been one of the top CMS rated centers in Knox County.**
- 4) **Orderly Development to adequate and effective health care.**

In addition to the first three standards, which we believe are met, the project also meets the fourth criteria for approval for the following reasons:

NHC HealthCare, Farragut:

Is one of the top preferred post acute care providers with a strong history of Five (5) Star CMS ratings in Knox County for the last seven years.

U.S. News and World Report named NHC HealthCare, Farragut as best nursing home for 2017-2018.

In 2017, was the winner of the best senior living facility by the *Knoxville News Sentinel*.

Developing partner, in 2015, with OrthoTN to help develop their Bundled Payment Care Improvement (BPCI). Currently signed to be a preferred provider for their next venture in bundling with their Humana and Cigna products. Average referral percentage of OrthoTN patients to Farragut vs total available:

2014: 41.2%

2015: 45.6%

2016: 44.9%

2017 (3 quarters): 37.2%

Developing partner with Tennessee Orthopedic Clinic (TOC) to help develop their BPCI. Contracted January, 2015 and implemented 4/1/15. NHC HealthCare, Farragut continues to be a preferred provider.

University of Tennessee Memorial Hospital – filed RFP in 2015 to contract with UT for Continued Care Network (CCN) provider agreement. NHC HealthCare, Farragut was accepted as one of six facilities in Knox County to be part of the network provider agreement. Currently continue this agreement as a preferred provider. Of the total number of referrals from UT to CCN providers Farragut averages 20% of their referrals for 2016 and 2017.

University of Tennessee Memorial Hospital – BPCI program preferred provider. Contracted 1/1/15 for Implementation date of 4/1/15. Average referral percentage of UT BPCI patients to Farragut vs total available: 15% and continues to be a preferred provider.

Summit Medical Group – Began collaborative for improved transitions and patient outcome with Summit Medical Group (largest private practice group in Knox County) to improve customer satisfaction across the continuum of care settings and improve patient outcomes by working together on post-discharge care coordination for certain high-risk populations. Implementation date: 5/1/17.

Summit Medical Group – On 9/27/17, signed agreement for preferred provider for Summits new ACO which will begin on 1/1/18

C. Consent Calendar Justification**Not Applicable**

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

4. SECTION A: PROJECT DETAILS

Owner of the Facility, Agency or Institution

A. NHC HealthCare/Farragut, LLC. 615-890-2020
 Name Phone Number
100 Vine St., Suite 1400 Rutherford
 Street or Route County
Murfreesboro Tennessee 37130
 City State Zip Code

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	_____
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	<u>X</u> _____
E. Corporation (Not-for-Profit)	_____	I. Other (Specify)	_____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A. Please see Attachment Section A-4A.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

NHC HealthCare/Farragut, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare/Farragut, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. Please see Attachment Section A-4A for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by NHC/OP, L.P.

5. Name of Management/Operating Entity (If Applicable)

Not Applicable
 Name

 Street or Route _____ County _____

 City _____ State _____ Zip Code _____
 Website address: _____

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.

6A. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-------------------------|----------------|--------------------|-------|
| A. Ownership | <u>X</u> _____ | D. Option to Lease | _____ |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____ | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

Please see Attachment Section A-6A for a copy of the deed.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

- a. Size of site (*in acres*); **17.7 acres**
- b. Location of structure on the site; **See Site Plan**
- c. Location of the proposed construction/renovation; and **See Site Plan**
- d. Names of streets, roads or highway that cross or border the site.

The site is bordered by Kingston Pike. NHC HealthCare, Farragut is located across the street from the Fox Den Golf Course and adjacent to Willow Creek Golf Club.

Please see Attachment Section A 6B-1

- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

Please see Attachment Section A 6B-2

- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Knoxville Area Transit's (KAT) Fixed Route service provides quality transportation throughout the City of Knoxville. KAT believe in safe and reliable public transit for all Knoxville residents and visitors. With 23 routes servicing over 1,500 bus stops, KAT reaches 80% of all Knoxville residents within half a mile.

NHC, Farragut is located down from the end of Route 11 and Route 16 bus line on Kingston Pike.

Please see Attachment Section A 6B-3

7 Type of Institution (Check as appropriate--more than one response may apply)

- | | | |
|--|--|---------|
| A. Hospital (Specify) _____ | H. Nursing Home | X _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center | _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility | _____ |
| D. Home Health Agency _____ | K. Residential Hospice | _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction | _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ | _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | | |

Check appropriate lines(s).

8 Purpose of Review (Check appropriate lines(s) – more than one response may apply)

- | | | |
|--|---|---------|
| A. New Institution _____ | F. Change in Bed Complement | X _____ |
| B. Modifying an ASTC with limitation still required per CON _____ | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] | |
| C. Addition of MRI Unit _____ | G. Satellite Emergency Dept. | _____ |
| D. Pediatric MRI _____ | H. Change of Location | _____ |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | I. Other (Specify) _____ | _____ |

9 Medicaid/TennCare, Medicare ParticipationMCO Contracts [Check all that apply]

___AmeriGroup ___United Healthcare Community Plan ___BlueCare ___TennCare Select

Medicare Provider Number 44-5415 _____

Medicaid Provider Number N/A _____

Certification Type N/A _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Not Applicable

Medicare ___Yes ___No ___ Medicaid/TennCare ___Yes ___No ___

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)	<u>100</u>	<u>100</u>	<u>6</u>			<u>106</u>
16) Nursing Home – NF (Medicaid only)						
(17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	<u>100</u>	<u>100</u>	<u>6</u>			<u>106</u>

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

The proposed project is for the addition of six (6) SNF beds to an existing 100 bed nursing home known as NHC HealthCare, Farragut. NHC HealthCare, Farragut will promote the orderly development of the health care system in that it is utilizing existing health care bed space and adds needed SNF beds in Knox County where there is a projected need for an additional 1,963 nursing home beds in 2020 planning horizon.

B. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below. Please note the applicant has no outstanding CON's.

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: Not Applicable

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

December 21, 2017

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
Semi-Private Rooms (6)	Private Rooms (6)	2,292		2,292	2,292		2,292				
Unit/Department GSF Sub-Total		2,292		2,292	2,292		2,292				
Other GSF Total											
Total GSF		2,292		2,292	2,292		2,292				
*Total Cost					\$50,000		\$50,000				
**Cost Per Square Foot					\$21.82		\$21.82				
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsga)					<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile				
					<input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input checked="" type="checkbox"/> Between 1 st and 2 nd Quartile				
					<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile				
					<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

- A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ <input type="checkbox"/> By _____ Purchase _____ <input type="checkbox"/> By _____ Expected Useful Life _____ Lease (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase _____ <input type="checkbox"/> By _____ Expected Useful Life _____ Lease (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT	<input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase _____ <input type="checkbox"/> By _____ Expected Useful Life _____ Lease (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.**

D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate “Not Applicable (NA).”***

QUESTIONS

SECTION B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

The following has been taken from the State Health Plan, Certificate of Need Standard and Criteria for Nursing Home Services, Tennessee State Health Plan: 2014 Update.

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. During the fiscal year (July 1 – June 30), the Agency shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

The Tennessee General Assembly directed that there be a pool of 125 skilled nursing facility beds available for certificate of need approval in the fiscal year from July 1, 2015 to June 30, 2016. The General Assembly also directed that nursing home bed certificates of need could be issued only for Medicare – certified skilled nursing facility beds, and that no applicant receives more than 30 such beds.

A. Determination of Need

1. According to TCA 68-11-1622, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65 - 74} \\ & .0600 \times \text{pop. 75 - 84} \\ & .1500 \times \text{pop 85+} \end{aligned}$$

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2000, there is a need in Knox County of nursing home beds projected for 2020, or a need for an additional 1,963 beds in Knox County. **Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria – B Need: A1".** This information, which is the most current available to the department, was provided and is included here for reference.

These projections demonstrate a need based on the population growth in Knox County for skilled nursing beds.

2. **Planning horizon:** The need for nursing home beds shall be projected two years in the future from the current year.

Nursing Home Bed Need Formula

12/26/2017

Knox County

County Bed Need

2019 Population	Rate	Needed Beds By Age
405,248	0.0005	203
Population 65 & under	0.012	551
Population 65-74	0.06	1,360
Population 75-84	0.15	1,441
Population 85+		3,555
Existing Licensed Beds		1,967
*Less VA Beds		(140)
Total Beds		1,827
Need =		1,728

Source: Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health
 *VA beds are not counted for purposes of calculating bed need.

So noted by the applicant. The bed need referenced in response to Question 1 is the projected two years to show the 2019 bed need. There is a net need for an additional 1,728 nursing beds, per this report, well in excess of NHC's requested six (6) Medicare SNF beds.

3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Since the proposed project is utilized by the elderly population most frequently, and the elderly often have difficulty with transportation and travel, the primary service has been determined to be Knox County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Knox County where the majority of the population of the service area is within 30 minutes travel time from the proposed facility.

4. **Existing Nursing Home Capacity:** In general, the Occupancy home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

So noted by the applicant. The following bed inventory was reported to the Department of Health for year ending 12/31/14 through 12/31/16 for Knox County.

Knox County Nursing Homes Occupancy

	NURSING HOMES	2017 Licensed Beds*	2014 Occupancy	2015 Occupancy	2016 Occupancy
1	Beverly Park Place Health and Rehab	271	86.2%	84.5%	73.9%
2	Fort Sanders TCU	24	80.2%	75.7%	78.4%
3	Holston Health & Rehabilitation Center	94	72.2%	83.1%	86.3%
4	Island Home Park Health and Rehab	95	87.0%	75.9%	76.5%
5	Kindred Nursing and Rehabilitation - Northaven	96	89.6%	87.3%	85.4%
6	Little Creek Sanitarium	38	95.6%	92.0%	94.3%
7	NHC HealthCare, Farragut	100	95.7%	94.3%	93.1%
8	NHC HealthCare, Fort Sanders	166	83.7%	76.9%	84.6%
9	NHC HealthCare, Knoxville	129	76.5%	75.0%	74.1%
10	Serene Manor Medical Center	79	93.8%	92.0%	93.8%
11	Shannondale Health Care Center	176	90.6%	97.7%	96.3%
12	Summit View of Farragut	113	89.5%	62.2%	90.8%
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	73.6%	62.2%	N/A
14	WellPark at Shannondale*	30	N/A	11.4%	26.4%
15	West Hills Health and Rehab	194	69.1%	63.5%	53.4%
16	Westmoreland Health & Rehabilitation Center	222	65.0%	65.4%	63.5%
	Total	1827	83.2%	74.9%	78.1%

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.
Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.
WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014-2016 JAR Reports Utilization

As of the last available Joint Annual Report for Nursing Homes in 2015, all nursing homes did not have an annualized occupancy in excess of 90%. Several of the licensed centers were hospital based nursing home bed units, which typically do not reach occupancy levels near 90%. In addition, many of the centers with a lower occupancy rate reflect a historically lower than average CMS Star ratings, which often reflects on occupancy rates. NHC HealthCare, Farragut is one of the preferred providers by the local hospital systems and managed care organizations.

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria - B Need A. 4 Need for the licensed facilities in Knox County, occupancy rate table, service Area JAR reports, and numerous tables reflecting facility data compiled from the JARS.

5. **Outstanding Certificates of Need:** Outstanding CON's should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CON projects in the proposed service area resulting in a net increase in beds to Knox County; CN1408-034 is for the replacement and relocation of 25 existing nursing home beds to be built in the Tennova Healthcare Physicians Hospital, the CON expires on 1/1/2019.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

So noted by the applicant.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Not Applicable, the proposed project is for the addition of 6 beds to an existing licensed 100 bed licensed nursing home facility.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:
 - a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facilities operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Not Applicable, the project does not involve a replacement facility.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

NHC HealthCare, Farragut is currently fully staffed and requires only a minimal staffing addition of one half RN position and two (2) nursing aides year one. In addition, the center uses no agency/contracted staff and has demonstrated its ability to fully staff the project with more than adequate staffing.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Rationale: Coordinated, integrated systems of care may not be in place in much of rural Tennessee, and therefore this language has been deleted. Additionally, the Division recognizes that nursing homes may not be the primary drivers of community linkage plans, and the Division does not mean to suggest that an applicant should develop one itself; instead it should provide information on its participation in a community linkage plan, if any. However, the Division recognizes that hospitals, particularly rural ones, often encounter difficulties in discharge planning to nursing homes due to a lack of available beds. CON applications for new nursing home beds should therefore also provide letters from hospitals, hospice service agencies, physicians, or any other appropriate providers, to provide evidence of unmet need and the intent to meet that need.

Transfer agreements have been established between all relevant health care providers in the community including but not limited to the following:

Physicians Regional Hospital (Tennova)
University of Tennessee Memorial Hospital
Patricia Neal Rehabilitation Center
Bristol Regional Medical Center (Wellmont)
Covenant Health (Parkwest Medical Center, Ft Sanders Regional Medical Center, Methodist Medical Center, LaConte Medical Center, Ft Loudon Medical Center, Roane Medical Center, Morristown-Hamblen Medical Center and Cumberland Medical Center)
Other Area Knoxville, Knox County and surrounding health care providers

Contractual relationships have been drawn up with a Medical Director, Dietary Consultant, Physical Therapist, Medical Record Consultant, and Therapists for other treatment such as oxygen therapy. Contractual relationships are established with local dentists, optometrists, gerontologists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist is a member of the Pharmacy Committee, and a pharmacy has been awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals. The following is the process, which has been established to coordinate and provide for a continuum of care in the project in conjunction with other providers:

Purpose: The purpose of being actively involved in the community continuum of care is to provide the consumer within our market area the opportunity to acquire the most appropriate level and type of services for his/her needs. These needs relate to medical support, personal care, personal maintenance and nutritional guidance. We will focus on coordinating our services with other health care providers through effective communication and teamwork.

Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

1. Individuals in other community settings who need services devoted to rehabilitation and short-term stays in the healthcare center.
2. Persons who can no longer be maintained or cared for in their current setting and need 24-hour care for chronic and/or debilitating conditions of a long-term nature.

Methodology:

Step 1: Maintain a listing of Current Community Resources-This listing is categorized according to type of service contact person for each organization. Standard categories, with the function as it relates to our facility include the following:

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care	Provides Medical treatment on less expensive environment than institution.
Home Support	Household or personal services essential to any home health care program.
Adult Day Care	Needed respite service for family support while care provided at home.
Nutrition Programs	Health promotions service which also acts to encourage socialization and prevent isolation.
Senior Centers/ Recreation Services	Acts to improve quality of life and encourages socialization

Step 2: All potential nursing center patients and referrals are pre-screened to determine whether the person's condition warrants admission to the nursing center. If admission to the nursing center is not appropriate, and if the person's condition is such that he can be cared for at home with assistance, the Admissions Director and the Social Services Director will refer the person and his family to the appropriate service provider. This will ensure that elderly persons are not being inappropriately admitted to the nursing center and coordination of other services is maintained.

For elderly persons admitted to the nursing center, discharge planning will ensure that patients are discharged to a non-institutional setting when their physical condition improves. Discharge planning begins upon the patient's admission to the center. At that time, the Admissions Director and Social Services Director will meet with the patient and his family to discuss the availability of suitable accommodations following discharge as determined by the initial assessment.

The patient's progress is monitored and reassessed on a regular basis to determine whether the patient is a candidate for transfer to the community. The Social Services Director, who is part of the center's interdisciplinary care team, will update each patient's medical record with progress notes regarding discharge planning on a regular basis. If discharge has been determined to be appropriate, the Social Services Director will advise the patient and his family of the availability of community support systems, such as home health care, adult day care, etc. The Social Services Director will serve as the liaison between the patient, his family, and the appropriate provider to coordinate the discharge home and the linkage for support services.

Linkages to facilitate referrals and transfers are established through formal working agreements and referral arrangements. These agreements are established prior to facility opening to ensure immediate linkages. Given the fact that NHC already operates in Knox County, the bed addition will benefit from established referral agreements with the targeted organizations listed above.

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred to the appropriate provider if admission to the nursing center is not warranted or if such service is needed. The Social Services Director is responsible for discharge planning to ensure that patients are discharged from the center when they are ready and that transfer to a semi-institutional setting or to home with appropriate support services is successfully coordinated. Through their ongoing work, the Admissions Director and Social Services Director will maintain linkages and working relationships with providers of non-institutional services.

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

- 1) Become a strong link in the chain of health care providers as it relates to an overall continuum of care.
- 2) Improve and enhance proper service utilization.
- 3) Improve patients' medical conditions by using available avenues.
- 4) Reduce cost by eliminating duplication of services.

Measurement of Outcome: The Admissions Director and Social Services Director will maintain a record of inquiries and referrals of elderly persons seeking long-term care services. These records are reviewed through Quality Assurance and state licensure surveys to determine if appropriate referrals are being made.

Patient medical records are reviewed on a regular basis by the interdisciplinary care team to determine if discharge from the nursing center is appropriate, and if discharge planning goals are being updated or modified. Discharge planning will also be monitored through Quality Assurance surveys and state licensure surveys. Utilization review is conducted every month for Medicare patients. Monitoring of discharge planning will promote the utilization of less intensive, non-institutional services whenever possible.

To integrate and utilize other providers in the health care network the center has established and will have linkages with others in the health care network through the following process:

Purpose: To promote the utilization of less intensive, non-institutional services such as home health care, adult day care, meals on wheels, etc. Since the proposed nursing center will not offer these services, linkages are established with providers of these services to ensure accessibility and transfer when appropriate by nursing center patients.

Targeted Population: Persons targeted for referral to non-institutional services are those nursing center patients whose health has improved to the point where they no longer require 24-hour nursing supervision and are eligible for transfer to home or to a semi-institutional setting, with support services. Referrals will also be made for persons inquiring at the center for long-term care services, but whom after pre-screening, are determined to be inappropriate for nursing home admission.

Linkages are developed by the center with other providers in Knox County to provide services not offered by the center. Knox County has over 21 home health agencies, 7 hospice and 7 assisted living providers. Although the residents will have a choice in health care providers, following is a list of some providers the facility will work with to provide services not offered by the center.

Home Health Agencies

Amedisys Home Health
 Camellia Homecare
 Covenant Homecare
 Intrepid Homecare
 NHC HomeCare
 Tennova Homecare
 University of Tennessee Homecare

Hospice

Amedisys Hospice
 Avalon Hospice
 Caris Healthcare
 Smoky Mountain Home Health Hospice
 Tennova Healthcare Hospice
 University of Tennessee Medical Center Hospice

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Arbor Terrace
 Atria Weston Place
 Autumn Care – Farragut and Knoxville
 Clarity Point
 Elmcroft of West Knoxville
 Heritage Assisted Living
 Homewood Residence at Deane Hill
 Manorhouse Assisted Living
 NHC Place, Farragut
 Northshore Senior Living
 Parkview Independent living
 Wellspring Assisted Living
 Windsor Gardens Assisted Living Care

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to non-institutional support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

Consequently, transfer agreements are established between all relevant health care providers in the community.

Contractual relationships are established with local dentists, optometrists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist will be a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The Applicant provides post-acute care services primarily to patients being discharged directly following an acute care hospital stay. Patients spend an average of 20 days in our facility receiving skilled nursing care and rehabilitative services, and then are able to return to a less restrictive and less costly environment. More importantly, NHC is focused on decreasing hospital readmission rates to acute care providers which not only saves the healthcare system money, but it results in better quality care and outcomes for patients.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

NHC centers currently meet the Quality Assessment and Assurance requirements mandated by our survey regulations (attached). Each center uses The Quality Improvement Program Manual as a guide for their internal committee (table of contents attached) and its activities. Each center is unique and as such has variations in how their QI work is accomplished. The QI section of our Patient Care Policies (attached) serve as the policy they all adhere to and procedurally adapt for their location.

NHC centers actively monitor key patient care outcomes (pressure ulcers, weight loss, and falls with injury) and respond when data indicate a need; they review Quality Measure data (from MDS submissions) and work to improve the services provided to patients.

There are proposed regulations for Quality Assurance and Performance improvement (QAPI) mandated by ACA but these have not yet been finalized. In the interim we have asked our centers to review the CMS document about QAPI (attached); we have drafted a QAPI purpose statement and principles (attached) for NHC centers to follow as they develop their own QAPI plan once the regulations are finalized.

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria - 12. Quality Control and Monitoring.

483.75(o) Quality Assessment and Assurance

(1) A facility must maintain a quality assessment and assurance committee consisting of –

- (i) The director of nursing services;**
- (ii) A physician designated by the facility; and**
- (iii) At least 3 other members of the facility's staff.**

(2) The quality assessment and assurance committee –

- (i) Meets at least quarterly to identify issues with respect to which quality assessment and assurance activities are necessary; and**
- (ii) Develops and implements appropriate plans of action to correct identified quality deficiencies.**

(3) State or the Secretary may not require disclosure of the records of such committee except insofar as such disclosure is related to the compliance of such committee with the requirements of this section.

(4) Good faith attempts by the committee to identify and correct quality deficiencies will not be used as a basis for sanctions.

NHC Quality Assurance and Performance Improvement (QAPI)Purpose Statement:

To retain our position as the industry leader in customer and investor satisfaction, NHC's Quality Assurance and Performance Improvement Program will focus on key patient outcomes and critical business measures to assure that every patient receives the right care in the right way every time.

Guiding Principles:

1. Senior Leaders (center, region and corporate) value, support and model the performance improvement process to prioritize, guide and direct operations.
2. Our Better Way Culture expects open communication in a blame free environment resulting in constructive response to systems gaps, failures and breakdowns (complaints, gifts, suggestions).
3. Person Centered thinking defines our performance Improvement Activities
4. NHC's QAPI is interdisciplinary, i.e. encourages a collaborative, relationship-building approach that supports integrity.
5. Performance Improvement includes all partners and all services.
6. Partners are empowered through performance improvement education and are given the opportunity to participate in the performance improvement activities.
7. Continuous improvement goals are data driven, including feedback from customers and partners, as well as internal and external benchmarks.
8. Through broad monitoring we pro-actively identify opportunities for systems to be fine-tuned.

Note: Key patient outcomes (including corporate goals and industry focuses)

Critical business measures (including census building, documentation that supports every claim, and accurate collections [budget, claims processing edits])

13. **Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

If approved, the applicant will provide the Tennessee Department of Health and the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Please see Attachment Section B. General Criteria – 14a, for an occupancy summary for the 6-bed addition.

Johnson + Bailey Architects P.C.

November 15, 2017

Mr. Andy Clark
National Healthcare Corporation
100 East Vine Street
Murfreesboro, TN 37130

Re: 6 Bed Addition/Conversion CON
NHC HealthCare Farragut
Knoxville, TN

Dear Mr. Clark:

This CON is to convert six (6) existing private patient rooms to six (6) semi-private patient rooms thereby increasing the license bed count by a total of six (6) beds. This increase will give the facility a total of one hundred six (106) licensed beds. The original design for this health care center included two sizes of private patient rooms. The larger of these private rooms was so designed that it could be converted in the future to a semi-private room, similar to the semi-private rooms included in the original design, if and when there was an established need for additional beds. It is anticipated that the conversion of these rooms will require only limited renovations.

Based on a renovated gross building area of 2,292 sq. ft., it is my opinion, based upon recently completed similar projects, that total renovation costs for the referenced project should be approximately \$54.54 per sq. ft., or a total of \$125,000.00. This cost is exclusive of all soft costs (A/E fees, etc.), movable equipment, and furnishings.

Additional parking was added for the facility during the last construction project which consisted of a therapy addition. The existing number of spaces exceed the currently parking demand by sufficient numbers to more than satisfy the demand that will be created by the six (6) additional beds.

The physical environment of the remodeled six (6) patient rooms will conform to applicable construction and life safety Codes adopted by the State of Tennessee Department of Health, and will conform to the requirements of the 2010 Guidelines for the Design and Construction of Health Care Facilities.

Please advise if you require any additional information relative to construction costs.

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.



James Richard Pettit AIA

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

Please note that the occupancy rates of existing facilities with 50 or more beds have not achieved an average annual occupancy rate of 90 percent in the applicant's service area, Knox County. However, a review of CMS Star Ratings in the United States reveals ratings for most centers of average to below average range. Specifically, of the fifteen nursing homes located in Knox County listed on the Medicare.gov, Nursing Home Compare website, based on the most recent CMS 5 Star Ratings, five centers currently have a CMS Five Star rating. Three (3) centers have a four Star rating, one (1) center is 3 Star, and three (3) centers are two Star rated and three (3) centers have a one Star rating.

Please see the Attachment Section B. General Criteria – 14b from the Medicare's Nursing Home Compare for the nursing facilities in Knox County.

The following text regarding the CMS 5 Star Rating and Survey program was taken directly from the CMS 5 Star website, <https://www.cms.gov/Medicare/Provider-Enrollment-andCertification/CertificationandCompliance/FSQRS.html>.

"CMS created the Five-Star Quality Rating System to help consumers, their families, and caregivers compare nursing homes more easily and to help identify areas about which you may want to ask questions.

The Nursing Home Compare Web site features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

- **Health Inspections** – The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.
- **Staffing** – The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.
- **Quality Measures (QMs)** – The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system."

How are Star Ratings for the Nursing Home Compare Five-Star Quality Rating System determined?

1. Health Inspection Domain

The health inspection rating is based on the three most recent standard surveys for each nursing home, results from any complaint investigations during the most recent three-year period, and any repeat revisits needed to verify that required corrections have brought the facility back into compliance. CMS calculates a weighted deficiency score based on points assigned to health deficiencies identified in each active provider's current health inspection survey and the two prior surveys (including revisits), as well as deficiency findings from the most recent three years of complaint investigations. More recent surveys are weighted more heavily than older surveys: the most recent period (cycle 1) is assigned a weighting factor of 1/2, the previous period (cycle 2) has a weighting factor of 1/3, and the second prior survey (cycle 3) has a weighting factor of 1/6. The weighted time period scores are then summed to create the survey score for each facility.

Facility ratings are determined using these criteria:

- **The best 10 percent in each State receive a five-star rating.**
- **The middle 70 percent of facilities receive a rating of two, three, or four stars, with an equal number (approximately 23.33 percent) in each rating category.**
- **The worst 20 percent receive a one-star rating.**

CMS' Five-Star health inspection ratings are based on the relative performance of facilities within a state. CMS chose to compare facilities to each other within State to help control for variation among states that results from different management practices, differences in state licensing laws, and differences in state Medicaid policies.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Rationale: The Division believes reducing the occupancy rates from 95 to 90 percent in numbers 14b and 14c more accurately reflects overall occupancy in the state, and also would take into consideration some increasing vacancy rates that current nursing homes may be experiencing due to decreasing admissions overall and increasing patient turnover due to short-stay patients.

NHC HealthCare, Farragut has increased patient turnover due to short-stay patients. The following table reflects admissions by month for the center.

**2017 Admissions by Month, Year to Date
NHC HealthCare, Farragut**

January	140
February	127
March	152
April	125
May	139
June	141
July	121
August	138
September	128
October	129
November	129

Total 1,469

Average Admissions for NHC HealthCare, Farragut per month in calendar 2017, were 134 patients. Also, for calendar year 2017, the center experienced an average length of stay of 55.9 days for all of its patients, or 21.4 days for Medicare/Managed Care.

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria – 14(c). Additional Occupancy Rate Standards.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Knox County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Knox County. Our goal is to expand into the Farragut area and provide the needed long-term services we have provided since 1971 or for over the last 46 years to the residents of Knox County through our NHC operations.

- c. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment – Section – Need-C.**

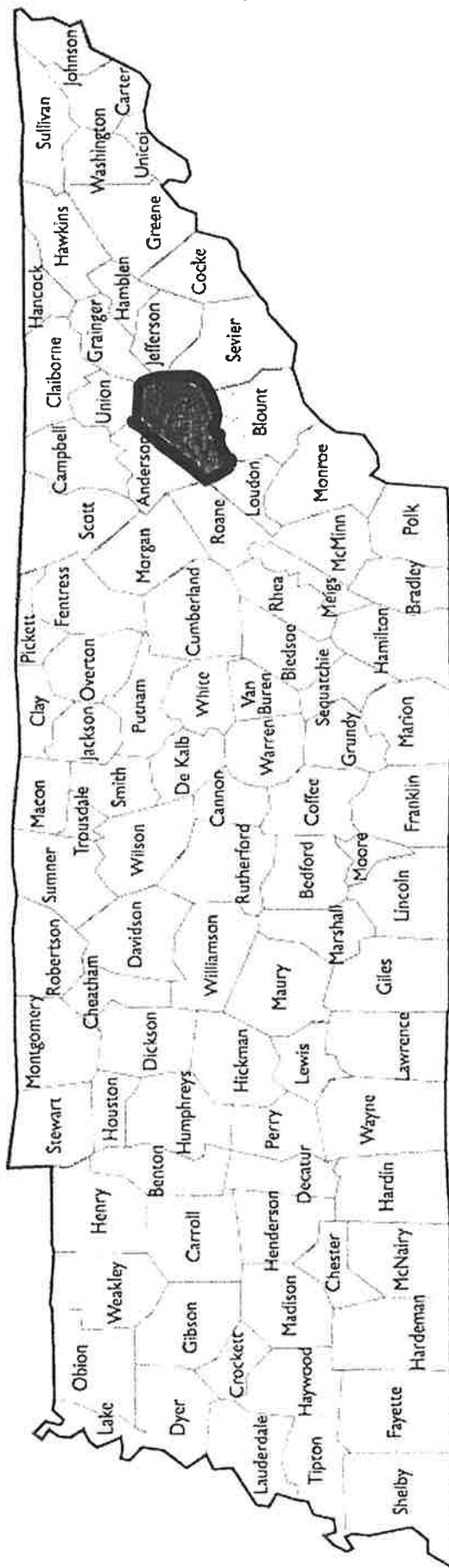
Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total residents
Knox	857	48.1%
Anderson	84	4.7%
Blount	47	2.6%
Campbell	12	.67%
Jefferson	12	.67%
Loudon	112	6.3%
McMinn	12	.67%
Monroe	36	2.0%
Roane	83	4.7%
Sevier	25	1.4%
Unknown	448	25.2%
Other	52	3.0%
Total	1,780	100%

Source: 2016 JAR Schedule F – Utilization Part 2

Service Area Counties	Projected Utilization-County Residents	% of total residents
Knox	863	48.3%
Anderson	84	4.7%
Blount	47	2.6%
Campbell	12	.67%
Jefferson	12	.67%
Loudon	112	6.3%
McMinn	12	.67%
Monroe	36	2.0%
Roane	83	4.6%
Sevier	25	1.4%
Unknown	448	25.1%
Other	52	3.0%
Total	1,786	100%

County Level Map



D. 1) a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
County A													
County B, etc.													
Service Area Total													
State of TN Total													

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

Demographic Variable/Geographic Area	Department of Health/Human Statistics							Bureau of the Census				TennCare	
	Total Population - Current Year - 2018	Total Population - Projected Year - 2020	Total Population - % Change	*Target Population 65+- Current Year- 2018	*Target Population 65+- Projected Year - 2020	*Target Population - % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Knox County	477,780	488,993	2.35%	75,486	80,979	7.28%	16.56%	37.3	\$48,701	69,061	14.45%	77,386	16.20%
State of TN Total	6,960,524	7,112,424	2.18%	1,175,938	1,267,962	7.83%	17.83%	38.4	\$45,219	1,117,594	16.06%	1,446,810	20.79%

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking skilled care. NHC HealthCare/Farragut, LLC is proposing to add 6 beds to an existing 100 bed nursing home located in Knox County. The services proposed herein address the special needs of the population, which this center will serve. The services will be made readily available to each of the following:

- (a) Low income persons;**
- (b) Racial and ethnic minorities;**
- (c) Women;**
- (d) Handicapped persons;**
- (e) Elderly; and**
- (f) Other underserved persons (e.g., "sub-acute" care patients discharged from hospitals and persons with dementia).**

It is and will be the centers policy to be readily accessible to low income persons, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons.

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**Knox County Nursing Homes
2014 - 2016 Patient Days**

	NURSING HOMES	2017 Licensed Beds*	CMS Star Rating	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14 - '16 % of Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
1	Beverly Park Place Health and Rehab	271	5	85,277	83,575	73,109	-14.3%	86.2%	84.5%	73.9%
2	Fort Sanders TCJ	24	5	7,022	6,628	6,872	-2.1%	80.2%	75.7%	78.4%
3	Holston Health & Rehabilitation Center	94	5	28,706	28,517	29,618	3.2%	72.2%	83.1%	86.3%
4	Island Home Park Health and Rehab	95	2	30,160	26,322	26,533	-12.0%	87.0%	75.9%	76.5%
5	Kindred Nursing and Rehabilitation - Northaven	96	2	31,379	30,580	29,931	-4.6%	89.6%	87.3%	85.4%
6	Little Creek Sanitarium	38	N/A	13,260	12,765	13,086	-1.3%	95.6%	92.0%	94.3%
7	NHC HealthCare, Farragut	100	2	34,919	34,418	33,977	-2.7%	95.7%	94.3%	93.1%
8	NHC HealthCare, Fort Sanders	166	5	50,717	46,808	51,239	1.0%	83.7%	76.9%	84.6%
9	NHC HealthCare, Knoxville	129	3	38,834	35,302	34,906	-10.1%	76.5%	75.0%	74.1%
10	Serene Manor Medical Center	79	1	27,039	26,537	27,036	0.0%	93.8%	92.0%	93.8%
11	Shannondale Health Care Center	176	4	66,166	62,775	61,865	-6.5%	90.6%	97.7%	96.3%
12	Summit View of Farragut	113	1	36,934	25,675	37,464	1.4%	89.5%	62.2%	90.8%
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	6,715	6,093	N/A	N/A	73.6%	62.2%	N/A
14	WellPark at Shannondale*	30	5	N/A	109	2,893	N/A	N/A	11.4%	26.4%
15	West Hills Health and Rehab	194	4	48,910	44,992	37,815	-22.7%	69.1%	63.5%	53.4%
16	Westmoreland Health & Rehabilitation Center	222	1	52,628	52,496	51,449	-2.2%	65.0%	65.4%	63.5%

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.

Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.

WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014 - 2016 JAR Reports
Medicare.gov

**Knox County Nursing Homes
2014 - 2016 Admissions & Average Length of Stay**

NURSING HOMES	2017 Licensed Beds	Admissions			Average Length of Stay		
		2014	2015	2016	2014	2015	2016
1 Beverly Park Place Health and Rehab	271	657	613	699	217	136	142
2 Fort Sanders TCU	24	542	489	539	13	14	13
3 Holston Health & Rehabilitation Center	94	478	484	431	104	112	138
4 Island Home Park Health and Rehab	95	220	158	321	111	57	137
5 Kindred Nursing and Rehabilitation - Northhaven	96	237	297	322	247	111	109
6 Little Creek Sanitarium	38	25	31	19	891	404	495
7 NHC HealthCare, Farragut	100	1,613	1,797	1,780	23	19	19
8 NHC HealthCare, Fort Sanders	166	571	747	892	120	62	58
9 NHC HealthCare, Knoxville	129	555	556	725	69	62	49
10 Serene Manor Medical Center	79	28	26	25	1,278	380	393
11 Shannondale Health Care Center	176	323	309	72	83	214	603
12 Summit View of Farragut	113	345	342	345	75	25	81
13 Tennova Healthcare-Physicians Regional Medical Center*	N/A	665	625	N/A	10	10	N/A
14 WellPark at Shannondale*	30	N/A	7	141	N/A	15	20
15 West Hills Health and Rehab	194	416	527	471	118	89	81
16 Westmoreland Health & Rehabilitation Center	222	809	569	479	86	49	73

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.

Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/16.

WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014 - 2016 JAR Reports

Please see additional tables reflecting facility data compiled from the JARs in Attachment Section B.
General Criteria – B: Need A.4

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Please see Attachment Section B Economic Feasibility D for the details and methodology used to project utilization, Project Only.

	2014 Occupancy	2015 Occupancy	2016 Occupancy	2017 YTD 10/31 Occupancy	Projected Year 1	Projected Year 2
NHC HealthCare, Farragut	95.7	94.3	93.1	95.4	85.89	91.85

Source: 2014-2016 JAR Reports Utilization, 2016-2017 NHC Internal Reports

NHC HealthCare, Farragut Projected Utilization

Total Facility:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non- Skilled ADC	Total ADC	Licensed Occupancy
2014	100	100	55	0.00	35	5	95.67	95.7%
2015	100	100	78	0.00	11	5	94.30	94.3%
2016	100	100	76	0.00	8	9	92.69	93.1%
2019 (Projected)	106	106	52	0.00	37	9	97.99	92.4%
2020 (Projected)	106	106	52	0.00	37	9	98.34	92.8%

Project Only:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non- Skilled ADC	Total ADC	Licensed Occupancy
2019 (Projected)	6	6	3.0	0	22	0	52	85.9%
2020 (Projected)	6	6	3.2	0	23	0	55	91.9%

Source: NHC Internal Documents

SECTION B: ECONOMIC FEASIBILITY

- A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

The applicant acknowledges the required filing fee will be at least \$15,000.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Not Applicable, the applicant does not have any of the referenced leases.

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Reported equipment costs are consistent with these guidelines.

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

Please see the completed Square Footage Chart on page 8. The applicant notes that the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

- 5) For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
- a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

Please see the attached letter from Johnson & Bailey Architects, licensed architects, referencing the requested information found in Attachment Section B Economic Feasibility- A 5.

78
PROJECT COST CHART

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$ 10,000
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 10,000
3. Acquisition of Site	
4. Preparation of Site	
5. Total Construction Costs	\$ 50,000
6. Contingency Fund	\$ 2,500
7. Fixed Equipment (Not included in Construction Contract)	\$ 6,500
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$ 37,500
9. Other (Specify) <u>Pre-opening cost, Impact Fees</u>	\$ 7,500

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	
2. Building only	
3. Land only	
4. Equipment (Specify) _____	
5. Other (Specify) _____	

C. Financing Costs and Fees:

1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify) <u>Builders Risk Insurance</u>	\$ 1,000

D. Estimated Project Cost (A+B+C) \$ 125,000

E. CON Filing Fee \$ 15,000

F. Total Estimated Project Cost (D+E) \$ 140,000

TOTAL

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)***

- ☐ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Please see Attachment Section B Economic Feasibility- C for the completed Historical Data Charts.

HISTORICAL DATA CHART

☐ Total Facility
☐ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	_____	_____	_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Earnings Before Interest, Taxes and Depreciation	\$ _____	\$ _____	\$ _____
F. Non-Operating Expenses			
1. Taxes	\$ _____	\$ _____	\$ _____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	\$ _____	\$ _____	\$ _____
NET INCOME (LOSS)	\$ _____	\$ _____	\$ _____

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ _____	\$ _____	\$ _____
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ _____	\$ _____	\$ _____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	\$ _____	\$ _____	\$ _____
NET BALANCE	\$ _____	\$ _____	\$ _____
DEPRECIATION	\$ _____	\$ _____	\$ _____
FREE CASH FLOW (Net Balance + Depreciation)	\$ _____	\$ _____	\$ _____

- ☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year_____	Year_____	Year_____
1. <u>Professional Services Contract</u>	\$ _____	\$ _____	\$ _____
2. <u>Contract Labor</u>	_____	_____	_____
3. <u>Imaging Interpretation Fees</u>	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	\$ _____	\$ _____	\$ _____

- D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Please see Attachment Section B Economic Feasibility- D for the completed Projected Data Charts.

PROJECTED DATA CHART

☐ Total Facility
☐ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in _____ (Month).

	Year _____	Year _____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
	Gross Operating Revenue \$ _____	\$ _____
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
	Total Deductions \$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____
D. Operating Expenses		
1. Salaries and Wages	_____	_____
a. Direct Patient Care	_____	_____
b. Non-Patient Care	_____	_____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Rent	_____	_____
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
5. Management Fees:		
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
6. Other Operating Expenses	_____	_____
	Total Operating Expenses \$ _____	\$ _____
E. Earnings Before Interest, Taxes and Depreciation	\$ _____	\$ _____
F. Non-Operating Expenses		
1. Taxes	\$ _____	\$ _____
2. Depreciation	_____	_____
3. Interest	_____	_____
4. Other Non-Operating Expenses	_____	_____
	Total Non-Operating Expenses \$ _____	\$ _____
NET INCOME (LOSS)	\$ _____	\$ _____

Chart Continues Onto Next Page

NET INCOME (LOSS)

\$ _____ \$ _____

G. Other Deductions

1. Estimated Annual Principal Debt Repayment

\$ _____ \$ _____

2. Annual Capital Expenditure

Total Other Deductions \$ _____

\$ _____

NET BALANCE \$ _____

\$ _____

DEPRECIATION \$ _____

\$ _____

FREE CASH FLOW (Net Balance + Depreciation) \$ _____

\$ _____

☐ Total Facility☐ Project Only**PROJECTED DATA CHART-OTHER EXPENSES****OTHER EXPENSES CATEGORIES**1. Professional Services Contract**Year** _____ **Year** _____

\$ _____ \$ _____

2. Contract Labor

3. Imaging Interpretation Fees

4. _____

5. _____

6. _____

7. _____

Total Other Expenses

\$ _____ \$ _____

- E. 1) Please identify the project's average gross charge, average deduction from revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year (2016)	Current Year (9/30/17 YTD)	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	667.54	620.00	648.63	674.57	8.80%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	(199.21)	(170.19)	(185.44)	(202.00)	18.69%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	468.33	449.81	463.19	472.57	5.06%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Patient Charge/Reimbursement	Year 1(12/2019) <u>Proposed</u>	Year 2(12/2020) <u>Proposed</u>
Managed Care	\$432.94	\$441.59
Medicare	\$475.24	\$484.74

The proposed CON project calls for the addition of 6 new SNF beds to the existing 100 bed nursing home called NHC HealthCare, Farragut. Please note that the existing rates for NHC HealthCare, Farragut can be found in Section B, Economic Feasibility, C. Consequently, once the Medicare RUG rates were projected, they were inflated 2.0% annually. The anticipated revenue from the proposed project is sufficient to produce positive net operating income in year two of \$135,743.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Please see Attachment SECTION B: ECONOMIC FEASIBILITY E 3

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. **NOTE: Publicly held entities only need to reference their SEC filings.**

The projected utilization rates are sufficient to maintain cost-effectiveness. Please see the proforma Projected Data Chart located in Attachment B, Economic Feasibility – D for a two-year projection showing utilization rates sufficient to maintain cost effectiveness.

Please reference NHC's Form 10-Q filed with the SEC on November 9, 2017.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year (2015)	1st Year previous to Current Year (2016)	Current Year (9/17 YTD)	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	8.44%	6.97%	4.30%	11.15%	14.95%

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

NHC HealthCare, Farragut has no long-term debt, thus this ratio is not applicable.

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

National HealthCare Corporation's Capitalization Ratio is 15.20%

NHC Long Term Debt	120,000,000
NHC Equity	669,611,000

Cap Ratio $(120,000,000/(120,000,000+669,611,000)) = 15.20\%$

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$1,209,312	99.12%
TennCare/Medicaid		0%
Commercial/Other Managed Care		0%
Self-Pay		0%
Charity Care		
Other (Specify) <u>Cafeteria Sales</u>	10,762	0.88%
Total	\$1,220,074	100.00%

Total Facility Year 1

Payor Source	Projected Gross Operating Revenue	As a % of Total
Medicare/Medicare Managed Care	\$23,556,712	90.59%
TennCare/Medicaid		%
Commercial/Other Managed Care		%
Self-Pay	1,775,787	6.83%
Charity Care		%
Other (Specify)		
Cafeteria Sales	209,842	
Physician Visits	458,018	
Interest/Misc.	<u>3,697</u>	
Total	671,557	2.58%
Total	\$26,004,056	100.00%

December 21, 2017

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2017)	Projected FTEs (2019)	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
RN	21	22	30.80	26.35
LPN	16	16		
Certified NA	33	38	15.45	11.60
Physical Therapy Aide	3	3		
Total Direct Patient Care Positions	73	79		

B. Non-Patient Care Positions				
Laundry	4	4		
Activities	2	2		
Social Services	7	7		
Dietary	18	18		
Plant Operations	2	2		
Housekeeping	8	8		
Medical Records	6	6		
Administrative	6	6		
Total Non-Patient Care Positions	53	53		
Total Employees (A+B)	126	132		
C. Contractual Staff				
Therapy	27	29		
Total Staff (A+B+C)	153	161		

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.
 - 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. **Not Applicable, the project involves renovation of existing space.**

After compiling all of the facts, it was decided that the best alternative would be to add six (6) additional beds to the existing 100 bed NHC HealthCare, Farragut. This proposal will allow NHC HealthCare, Farragut to meet the long-term care needs of the residents of Knox County and continue to offer the medical community in the Covenant system, as well as others, access to a convenient high quality provider that will help to ensure continuity of care for its patients in the coming years.

- (a) Do nothing. This option was rejected based on the centers occupancy and growing demand for our services. Our desire is to continue to serve the local hospitals and Knox County residents' health care needs for years to come.
- (b) Request more than 6 beds. This proposal was considered but rejected because the proposed six (6) beds with allow maximum efficiency of operation and design by utilizing existing facility space. The projected need in Knox County is for an additional 1,963 SNF/Medicare beds in 2020.
- (c) Request fewer than 6 beds. This proposal was considered but rejected based on project financial feasibility and our goal to increase operational efficiency. In addition, to accommodate the projected growth and need for skilled beds for the year 2020, additional beds should be added. The bed need projected by the new Nursing Home Services, Certificate of Need Standards and Criteria shows a need for 1,963 additional skilled beds by year 2020. Our request is for 6 beds to open by February 2019.
- (d) Add 6 new Medicare beds to the existing 100 bed center. This proposal was considered and accepted. The proposed project will be able to use existing resources and continue to offer the skilled nursing services. The centers site is within nine (9) miles of Covenant Health's flagship hospital, Parkwest Medical Center, and offers good access to other areas of Knox County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Knox County.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

Hospitals

Physicians Regional Hospital (Tennova)

University of Tennessee Memorial Hospital

Patricia Neal Rehabilitation Center

Bristol Regional Medical Center (Wellmont)

Covenant Health (Parkwest Medical Center, Ft Sanders Regional Medical Center, Methodist Medical Center, LaConte Medical Center, Ft Loudon Medical Center, Roane Medical Center, Morristown-Hamblen Medical Center and Cumberland Medical Center)

Other Area Knoxville, Knox County and surrounding health care providers

Home Health Agencies

Amedisys Home Health

Camellia Homecare

Covenant Homecare

Intrepid Homecare

NHC HomeCare

Tennova Homecare

University of Tennessee Homecare

Hospice

Amedisys Hospice

Avalon Hospice

Caris Healthcare

Smoky Mountain Home Health Hospice

Tennova Healthcare Hospice

University of Tennessee Medical Center Hospice

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Arbor Terrace

Atria Weston Place

Autumn Care – Farragut and Knoxville

Clarity Point

Elmcroft of West Knoxville

Heritage Assisted Living

Homewood Residence at Deane Hill

Manorhouse Assisted Living

NHC Place, Farragut

Northshore Senior Living

Parkview Independent living

Wellspring Assisted Living

Windsor Gardens Assisted Living Care

NHC HealthCare, Farragut:

Is one of the top preferred post acute care providers with a strong history of Five (5) Star CMS ratings in Knox County for the last seven years.

U.S. News and World Report named NHC HealthCare, Farragut as best nursing home for 2017-2018.

In 2017, was the winner of the best senior living facility by the *Knoxville News Sentinel*.

Developing partner, in 2015, with OrthoTN to help develop their Bundled Payment Care Improvement (BPCI). Currently signed to be a preferred provider for their next venture in bundling with their Humana and Cigna products. Average referral percentage of OrthoTN patients to Farragut vs total available:

2014: 41.2%

2015: 45.6%

2016: 44.9%

2017 (3 quarters): 37.2%

Developing partner with Tennessee Orthopedic Clinic (TOC) to help develop their BPCI. Contracted January, 2015 and implemented 4/1/15. NHC HealthCare, Farragut continues to be a preferred provider.

University of Tennessee Memorial Hospital – filed RFP in 2015 to contract with UT for Continued Care Network (CCN) provider agreement. NHC HealthCare, Farragut was accepted as one of six facilities in Knox County to be part of the network provider agreement. Currently continue this agreement as a preferred provider. Of the total number of referrals from UT to CCN providers Farragut averages 20% of their referrals for 2016 and 2017.

University of Tennessee Memorial Hospital – BPCI program preferred provider. Contracted 1/1/15 for implementation date of 4/1/15. Average referral percentage of UT BPCI patients to Farragut vs total available: 15% and continues to be a preferred provider.

Summit Medical Group – Began collaborative for improved transitions and patient outcome with Summit Medical Group (largest private practice group in Knox County) to improve customer satisfaction across the continuum of care settings and improve patient outcomes by working together on post-discharge care coordination for certain high-risk populations. Implementation date: 5/1/17.

Summit Medical Group – On 9/27/17, signed agreement for preferred provider for Summits new ACO which will begin on 1/1/18

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

NHC HealthCare/Farragut, LLC is requesting the authority to add 6 new Medicare SNF nursing home beds to an existing 100-bed nursing home center located in a market where NHC closely coordinates with Covenant Health's flagship hospital, Parkwest Medical Center. The results are seen to have positive effects for both the long-term care industry and the growing aging population in Knox County.

National HealthCare Corporation is one of the largest providers of post-acute care beds and services in the State of Tennessee, of which NHC HealthCare/Farragut, LLC is a subsidiary. NHC HealthCare, Farragut is committed to providing the highest quality of care at maximum efficiency. Through the proposed project, NHC will continue with its commitment to improve both efficiency and care in Knox County.

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Knox County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals.

NHC HealthCare, Farragut:

Is one of the top preferred post acute care providers with a strong history of Five (5) Star CMS ratings in Knox County for the last seven years.

U.S. News and World Report named NHC HealthCare, Farragut as best nursing home for 2017-2018.

In 2017, was the winner of the best senior living facility by the *Knoxville News Sentinel*.

Developing partner, in 2015, with OrthoTN to help develop their Bundled Payment Care Improvement (BPCI). Currently signed to be a preferred provider for their next venture in bundling with their Humana and Cigna products. Average referral percentage of OrthoTN patients to Farragut vs total available:

2014: 41.2%

2015: 45.6%

2016: 44.9%

2017 (3 quarters): 37.2%

Developing partner with Tennessee Orthopedic Clinic (TOC) to help develop their BPCI. Contracted January, 2015 and implemented 4/1/15. NHC HealthCare, Farragut continues to be a preferred provider.

University of Tennessee Memorial Hospital – filed RFP in 2015 to contract with UT for Continued Care Network (CCN) provider agreement. NHC HealthCare, Farragut was accepted as one of six facilities in Knox County to be part of the network provider agreement. Currently continue this agreement as a preferred provider. Of the total number of referrals from UT to CCN providers Farragut averages 20% of their referrals for 2016 and 2017.

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2) Negative Effects

This project will not have negative effects on the health care system of duplication or competition because the 6 beds represent only a fraction of the 1,963 beds projected in the State's formula to be needed by 2020 in Knox County. In addition, these beds, which will be located within 9 miles of Parkwest Medical Center, will serve the growing quality care long term care bed needs in the acute care delivery system.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Please see Attachment "Section B Economic Feasibility – D for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 3.5 FTE's of which 0.7 FTE's is an RN and 2.8 FTE's are in nursing (Aides) (Year 2). NHC is approved to provide CNA training programs in-house at many of its centers; that includes NHC HealthCare, Farragut. Therefore, NHC Farragut has the ability to staff the projected FTE increase based on its current staff and potential employees on file.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of the Tennessee Department of Health, Board for Licensing Health Care Facilities, Chapter 1200-8-6, Standards for Nursing Homes.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

NHC has been in operation for over 46 years in Knox County and is currently operating NHC HealthCare, Farragut along with three other centers in the Knox County. NHC HealthCare, Farragut has generated a lot of interest from professional nursing personnel in the community. NHC recognizes that staffing shortages are an issue across the nation. Nevertheless, NHC has operated in the Knox County since 1971 and based on that experience, does not expect to have a problem staffing the proposed project.

The anticipated medical personnel (FTE's) required for the six (6) bed addition, at 93.1% occupancy in year two, during the three shifts, is as follows:

<u>Personnel</u>	<u>Total FTE's</u>
Aides	2.8
RN	0.7

Staffing at long-term health care facilities is, of course, dependent on the availability of licensed and unlicensed personnel in the market area. While a review of the general market area of this facility indicates that NHC's recruitment efforts should have little impact on existing facilities, NHC has a company-wide policy to provide in-house education and incentive programs to assist in obtaining licensed as well as certified non-licensed personnel. Company strives to have each health care center owned or managed by NHC will have two partners attending nursing school under a scholarship program.

Secondly, NHC has identified areas in which there appear to be acute shortages of licensed personnel and in these areas has an active scholarship program at all 2 and 4-year nursing schools, as well as a recruitment effort with the graduating high school classes. This program, which was initiated in 1987, has attained excellent success. In addition to the educational push for licensed personnel, the Company operates a full in-house certification program for nurse aides and technicians. The program is headed up by a registered nurse located in Knoxville, Tennessee, concentrates on utilizing existing vocational schools and/or nonprofit groups to provide classroom space. Classes are run, on the average, every two months and reach a dozen or so potential nurse aides or technicians in each program. At the end of the course, the individuals who graduate are eligible to participate as certified nurse aides in all of the southeastern states, which have such certification courses.

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its partners and the

recruitment of qualified outside individuals with intent to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to over 12,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long-term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement. The company attitude toward all its partners along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over forty six (46) years. NHC also has many strict requirements and company training programs (which are nationally recognized) that continue the level of expertise necessary to deliver state of the art nursing care. Consequently, NHC has an outstanding record for low staff turnover in the industry.

NHC HealthCare, Farragut draws nurses from the surrounding market area. Staff is often acquired from local advertising, recruitment at area colleges, and word of mouth from other partners. And as stated previously, applicants are drawn from resumes kept on file by NHC.

To provide access by health professional schools and behavioral research projects NHC has established the following:

Purpose: The purpose of NHC's established and proven recruitment plan is to recruit and maintain staff in a variety of disciplines necessary to meet the needs of residents, and provide high quality patient care. The recruitment plan is also used to eliminate and/or reduce reliance on nursing pool personnel and to recruit the highest quality personnel available in the area with the potential for career advancement and longevity. The beneficiaries of staffing retention are the patients that are provided with continuous, superior care.

Targeted Staff Categories: All staff categories, including nursing, social service, administration, dietary, housekeeping, laundry, and maintenance. Particular emphasis is placed on professional and non-professional nursing personnel. NHC has experienced its primary shortage of staff in nurses and nurse aides, and has targeted increased efforts toward the recruitment of personnel in these positions.

Methodology: This recruiting plan has been approved by the management of NHC and has been implemented in all 76 facilities owned and/or managed by NHC. NHC HealthCare, Farragut will use the following methods:

National HealthCare Corporation's philosophy whenever adding new beds is that the time and effort expended prior to opening in obtaining quality personnel is beneficial for both the company and the patients of the facility. Thus, considerable effort is used to recruit a staff for the facility that meets the following major criteria:

- 1) Each staff member is attuned to the National HealthCare Corporation philosophy of restorative nursing and emphasizing quality of life for our patients; and
- 2) To the extent possible, each staff member has a record of stable employment and a commitment to both the facility and the elderly. The Administrator is trained in the company Administrator program, and will likely be a member of the National HealthCare Corporation corporate staff for training for approximately two (2) years. NHC currently has (10) ten Administrators in its training program. The Administrator and the corporate staff will tailor our Recruitment Plan to meet the

local market. The goal of this plan is to put together a cohesive program of partner recruitment at the outset, which will enable the facility to select and recruit an initial staff, which will have not less than 40% partner retainage after five years.

In order to implement the Recruitment Plan and to recruit new partners after opening the facility, the following methods are used:

The recruitment plan is updated annually to account for changes in local market conditions. A great majority of staff personnel are recruited through traditional means, which include classified advertisements, word of mouth among existing staff members and within the community at-large, and through individuals approaching the facility on a walk-in basis to apply for employment. This method has been quite successful for NHC in attracting staff of varied disciplines to its facilities. National HealthCare Corporation owned and operated facilities enjoy an outstanding reputation in their communities and offer prospective partners an opportunity for growth and advancement while working for a quality nursing home operator in a clean, stable work environment at competitive wages.

Currently NHC includes the following recruiting incentives in its package:

Highly competitive wages	Non-partner Educational Loan Program
Tuition Reimbursement	Continuing Education Program (C.E.U.s)
Ongoing skills training	Earned Time Off
Group Life Insurance	Group Health Insurance (w/ Dental)
Company-Paid Retirement	Partner Stock Purchase Plan
Corporate promotions and recognition	

For nursing personnel, additional recruitment steps are taken to supplement those described above. The first step involves more intensified recruitment for the nurse aid positions to help alleviate shortages experienced within the state. NHC has begun an aggressive recruitment program in Tennessee for nurses and nurse aides aimed at the retired and semi-retired persons living within the service area of its facilities. The program involves both advertising and community outreach in order to invite this targeted group to visit the facility and explore opportunities in the geriatric nursing field. An advantage of this program is the availability of flexible hours, which conform to the needs of the prospective partner. NHC recognizes the retiree/semi-retiree as the largest untapped work force in the service area and in Tennessee as a whole, and desires to benefit from the broad experience, compassion, and understanding these people can bring to the patients and other staff at the facility.

The second step to aid in recruiting nursing personnel to the facility involves integration with the area's educational institutions. To assist with staff recruitment and promote community involvement, the facility will work within the community in the following manner:

- A. DON will serve with local advisory boards of Vocational Technical Schools. In addition, the facility will provide a classroom for Certified Nursing Assistant, Advanced Certified Nursing Assistant, and Home Health Aide Classes. This will provide NHC with an advantage for staff recruitment. Upon graduation from each step, partners are given a banquet dinner, certificates, and monetary raises.

- B. NHC has established relationships with the following educational institutions to aid in recruitment of qualified nursing personnel:

**University of Tennessee
 Pellissippi State University
 Lincoln Memorial University (nursing rotation site)
 South College (nursing rotation site)
 Roane State
 Tennessee State Vocational College
 Tennessee Wesleyan**

Not only are top-notch applicants recruited from the above schools, but all major schools in the Southeast are included in our recruiting plans. Also, all state and national association meetings are well attended including an exhibit booth and display on recruiting. (This includes National meetings of Nurses, Registered Physical Therapists, Speech Pathologists and Occupational Therapists.

Responsible Positions: The overall recruitment plan is implemented initially by the facility's administrator who then reports and has input and output from the National HealthCare Corporation's corporate staff. On an ongoing basis, the Administrator working with department heads are responsible for recruitment. The DON is heavily involved in the recruitment of LPN's and RN's, as is the corporate staff.

Judy W. Powell, R.N., MS, is Senior Vice-President of Patient Services and is responsible for the overall plan of National HealthCare Corporation.

Desired Outcome: The desired outcome is to attract and maintain a full, stable, motivated staff capable of providing the level of patient care expected by the patient and Applicant alike and who respect and strive to maintain the dignity of each and every patient. Particular emphasis is placed on obtaining long-term partners.

Measure of Outcome: The outcome is measured by monthly data collected, maintained and reported in the monthly administrative meeting regarding manpower characteristics.

Specifically, the effectiveness of the Recruitment Plan is measured:

- 1) By the general success of the facility in staff recruitment;
- 2) By the partner turnover rate through either voluntary or involuntary dismissal;
- 3) By facility Quality Assurance and licensure ratings; and
- 4) By overall staff retention for various periods of time.
- 5) Hours of Nurse Registry used during the year.

An overall turnover of 40% of the facility's initial staff and 70% of its professional staff after five years is the goal of the program. Although at some times unavoidable, the use of nursing pool personnel is considered unacceptable and represents a failure of the Recruitment Plan.

Giving partners a choice of a primary care assignment enhances low nursing turnover. A primary care assignment consists of the same nurse and the same nursing assistant taking care of the same patients every day. Partners who do not wish a permanent assignment may choose to work "relief" assignments when primary-care partners are off.

Nursing Administration believes that this greatly improves the quality of continuity since partners who retain the same patients are much more aware of individual patients' preferences. In addition, this enhances a bonding between patients, partners and patient families.

NHC HealthCare, Farragut has 24-hour RN coverage.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: **licensed by the State of Tennessee to provide nursing home services**

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): **Certified for Medicare**

Accreditation (i.e., Joint Commission, CARF, etc.): **the Center is Surveyed by CMS; it is not surveyed under Joint Commission, CARF, etc.**

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

NHC HealthCare, Farragut is licensed by the State of Tennessee to provide nursing home services, please see the attached current license.

Please see Attachment "Section B Contribution to The Orderly Development of Health Care D-1 for a copy of the current license and documentation from the most recent license.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

Please see Attachment "Section B Contribution to The Orderly Development of Health Care D-2 for a copy of the most recent statement of deficiencies/plan of correction and documentation that all deficiencies/findings have been corrected

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

Not Applicable, None

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation: **Not Applicable, None**

1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;
- b) Criminal fines in cases involving a Federal or State health care offense;
- c) Civil monetary penalties in cases involving a Federal or State health care offense;
- d) Administrative monetary penalties in cases involving a Federal or State health care offense;
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- h) Is presently subject to a corporate integrity agreement.

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
<u>CN1604-014A</u>	<u>NHC HealthCare, Cookeville</u>	<u>8/24/16</u>	<u>10/1/17</u>	<u>9/29/17</u>	<u>10/1/18</u>
<u>CN1404-011</u>	<u>The Health Care Center of Hermitage</u>	<u>6/25/14</u>	<u>8/1/17</u>	<u>7/27/17</u>	<u>8/1/19</u>

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

Both projects are currently in the development phase.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

Not Applicable

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? _____
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

If approved, the applicant will provide the Tennessee Health Services and Development Agency reports annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need. Furthermore, the applicant files Joint Annual Reports Annually

Please note that the following acknowledgements apply to the CON beds applied for herein.

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

The applicant commits to maintaining a payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, Charity Care, and the Medically Indigent.

- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

The applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application.

- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

The applicant will obtain and maintain all applicable state licenses in good standing.

- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

The applicant will obtain and maintain Medicare certification(s), if participation in such programs was indicated in the application.

- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON

application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

The applicant has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application.

- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

The applicant has not been decertified within the prior three years.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

The applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

The applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives.

NHC HealthCare, Farragut participates in the Quality Improvement in Long Term Services and Supports Initiative (QuiLTSS). The components of the initiative are Satisfaction (patient, family & staff); Culture Change/Quality of Life; Staffing/Staff Competency; and 2 Clinical performance measures – UTI and antipsychotic medications.

NHC HealthCare, Farragut utilizes a third-party quality measure NRC Health's post-acute customer experience solution (My InnerView) which helps improve quality in all long-term care and short-term stay settings, including skilled nursing homes, assisted living communities, independent living communities, and continuing care retirement communities.

NRC Health is focused on enabling human understanding across a person's care journey. As long term-care providers continue to broaden their offerings and align with hospitals and health systems for plan of care transition partnerships, our post-acute customer experience

solutions open the door by demonstrating proactive leadership in quality measurement and improvement.

The My InnerView process allows for collection of customer satisfaction data from short stay and long stay patients at various intervals (admission, discharge, annually) using standard questions that studies have shown to highly correlate with satisfaction and loyalty of service. The data can then be benchmarked across regions, states, and nationally with like providers.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.
- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where following an acute care stay patients would be able to receive intensive skilled nursing care and rehabilitative services at a stepped down cost from an acute care setting. The ultimate goal for all patients admitted is to return home to the least restrictive and least costly option available where the individual can live the healthiest life possible.

2. Access to Care

Every citizen should have reasonable access to health care.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to long term care Medicare beds is a function of bed availability in the market. In Knox County, the problem exists for the acute care providers and their timely placement of Medicare nursing home patients to a qualified Medicare nursing home bed. The addition of the 6 requested Medicare beds will help to improve access to this level of care. Also, approval of the request will also help to alleviate extra patient days in acute care beds while waiting for a Medicare bed to become available, which is costly to the system and also creates access problems on the acute care side of the continuum as well. In addition, hospitals must consider readmission rates from post-acute care providers that may have negative impact on patient care and financial feasibility of their institutions. Furthermore, accountable care organizations (ACO's) and bundled

payment networks are helping to shape and dictate where patients coming from hospitals are directed to receive their post-acute care services.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The proposed project speaks to the very heart of this principle at several levels. NHC works closely with Covenant Health, to ensure patients have a smooth transition and coordinated care plan when receiving care at NHC HealthCare, Farragut. As accountable care organizations (ACO) begin to develop, with an eye to economic efficiencies and competitive markets, the State's health care system will begin to reshape itself. Ultimately, the goal of ACO's is to better serve the needs of the patient, which this project is designed to do. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients utilize services at the lowest level and cost possible. NHC's average length of stay for this project is projected to be 21 days, which is consistent with NHC HealthCare, Farragut's experience in Knox County, Tennessee.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

NHC as a Long-term care provider is surveyed both at the State and Federal level. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. NHC compares favorably both at the State level and the national level regarding these measurements. Please see NHC Survey Analysis table located in Attachment "Section B. General Criteria – 14c Additional Occupancy Rate Standards. The attached table reflects recent quality performance. In addition, NHC's quality outcome's is also why several big health care systems are discussing establishing ACO's with NHC operations across the State of Tennessee and country. NHC HealthCare, Farragut is involved with University of Tennessee Memorial Hospital, Summit Medical Group and Tennessee Orthopedic Clinic in a preferred health care agreement.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non-profit, Foundation for Geriatric Education, since its inception in 1982, has funded over \$2,955,000 in books and academic programs for a qualified health care workforce through 2016. The company also has a tuition reimbursement program which has funded millions of dollars for direct tuition for students. In addition, the company runs several of its own training programs to educate long term care health care workers such as a two year administrator in training program, a dietetic internship program, certified nursing assistant program, and advanced geriatric therapy program. NHC is also active in the federal workforce development system in locations across our markets and locally in the Middle Tennessee area with the Middle Tennessee Workforce Development Board for over sixteen years.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

Please see the Attachment Proof of Publication.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Please see the completed Project Completion Forecast Chart on the following page.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		04/2018
2. Architectural and engineering contract signed	30	05/2018
3. Construction documents approved by the Tennessee Department of Health	120	08/2018
4. Construction contract signed	30	09/2018
5. Building permit secured	30	09/2018
6. Site preparation completed	N/A	
7. Building construction commenced		10/2018
8. Construction 40% complete	15	11/2018
9. Construction 80% complete	15	12/2018
10. Construction 100% complete (approved for occupancy)	15	12/2018
11. *Issuance of License	30	01/2019
12. *Issuance of Service	30	02/2019
13. Final Architectural Certification of Payment	30	03/2019
14. Final Project Report Form submitted (Form HR0055)	30	04/2019

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

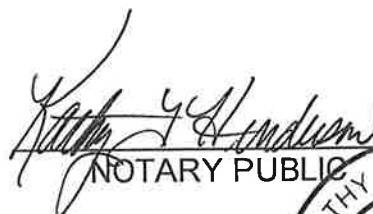
AFFIDAVITSTATE OF TennesseeCOUNTY OF Rutherford

Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

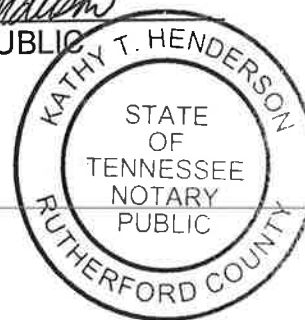
 /Assistant Vice President
SIGNATURE/TITLE

Sworn to and subscribed before me this 11th day of December, 2017 a Notary
(Month) (Year)

Public in and for the County/State of Rutherford/Tennessee.


NOTARY PUBLIC

My commission expires 6-21, 2020.
(Month/Day) (Year)



ATTACHMENTS

Section A – 6B-1 a-d

Plot Plan

j3
Johnson +
Bailey
Architects
P.C.

City Center
100 East Vine St.
Memphis, Tennessee
38002
615-870-8600
Fax: 615-870-8664

6 Bed
Addition/
Conversion

NHC
HealthCare
Farragut

Knoxville, TN

REVISION DATE

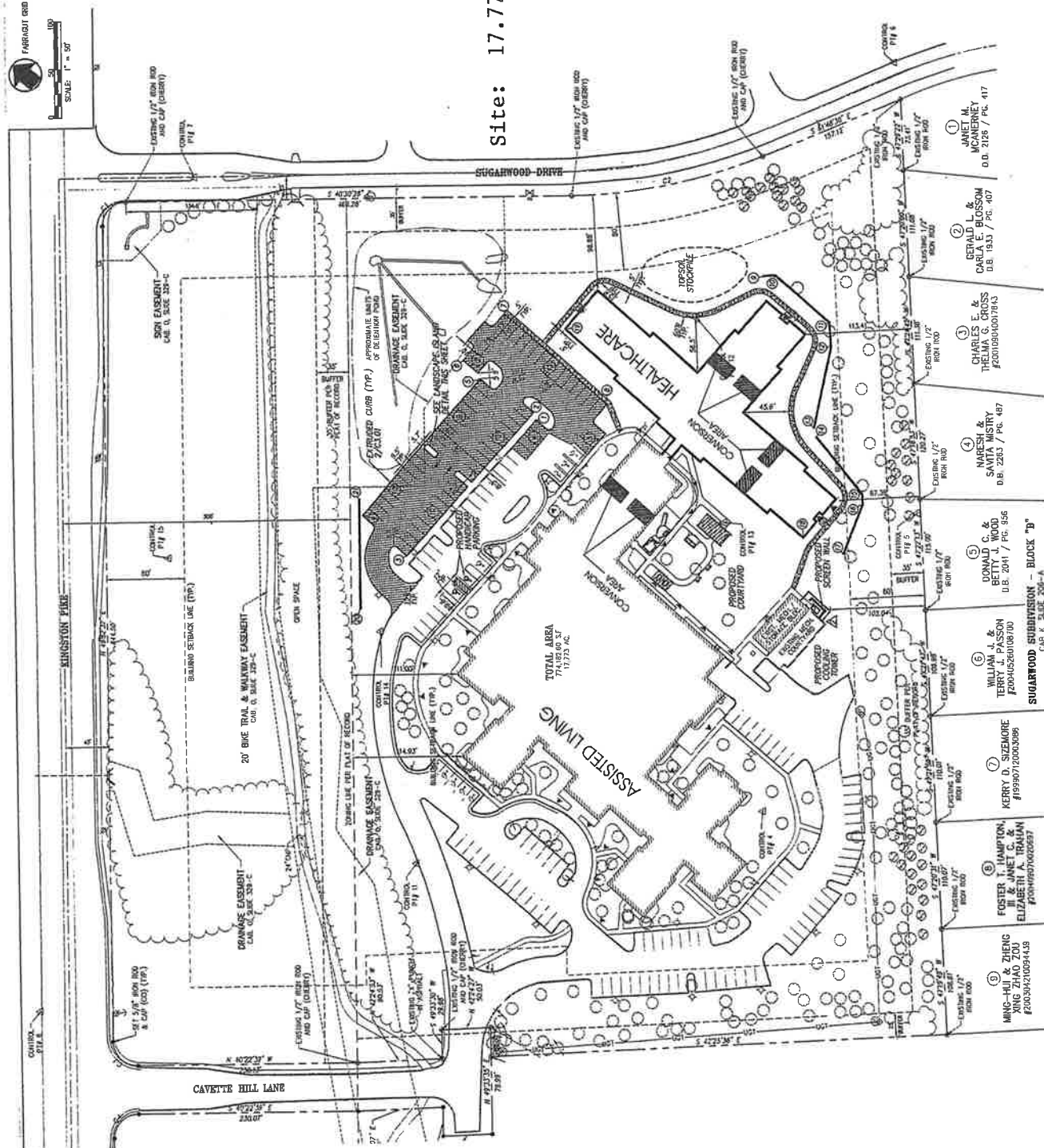
Site: 17.773 Acres

NOTES

1. SEE GENERAL, SPECIAL, AND
SUPPLEMENTAL NOTES ON SHEET
C1 FOR THE PROJECT.

PROJECT NO.
DATE
DRAWN BY
CHECKED BY

C1

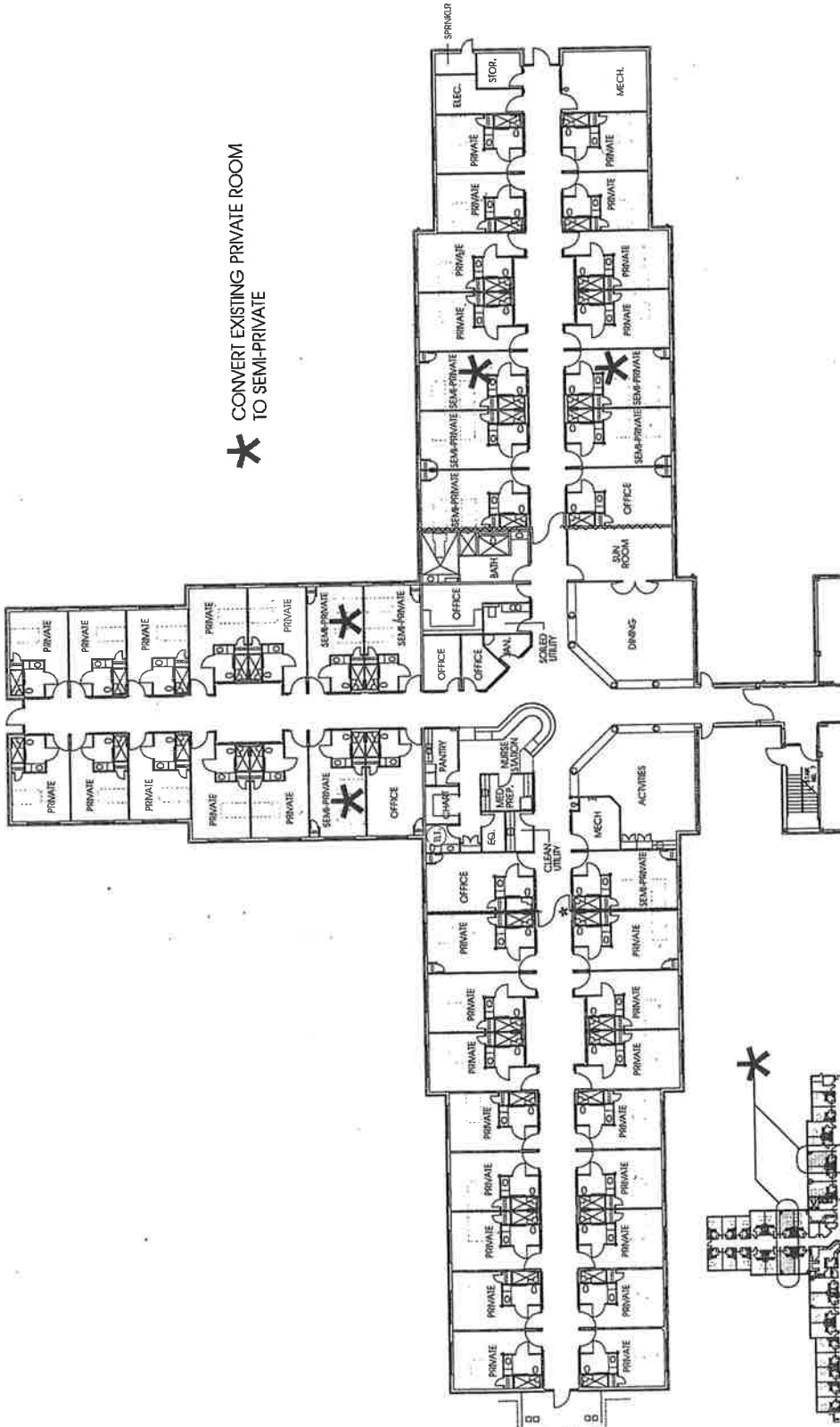


SITE PLAN

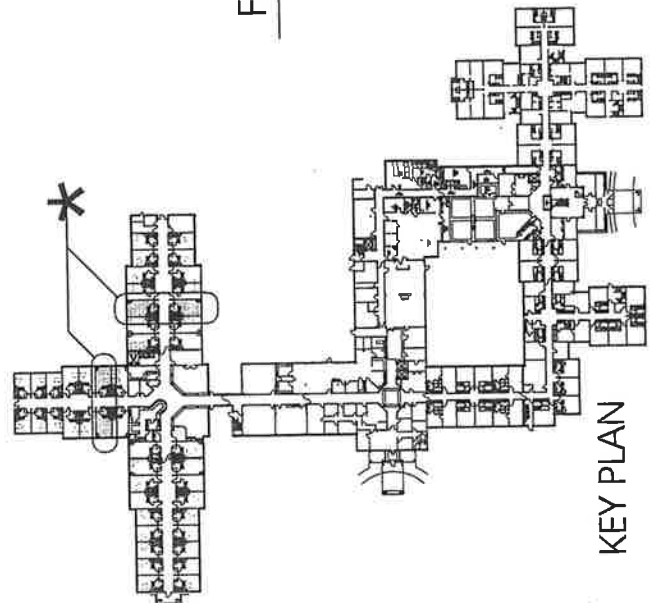
Section A – 6B-2

Floor Plan

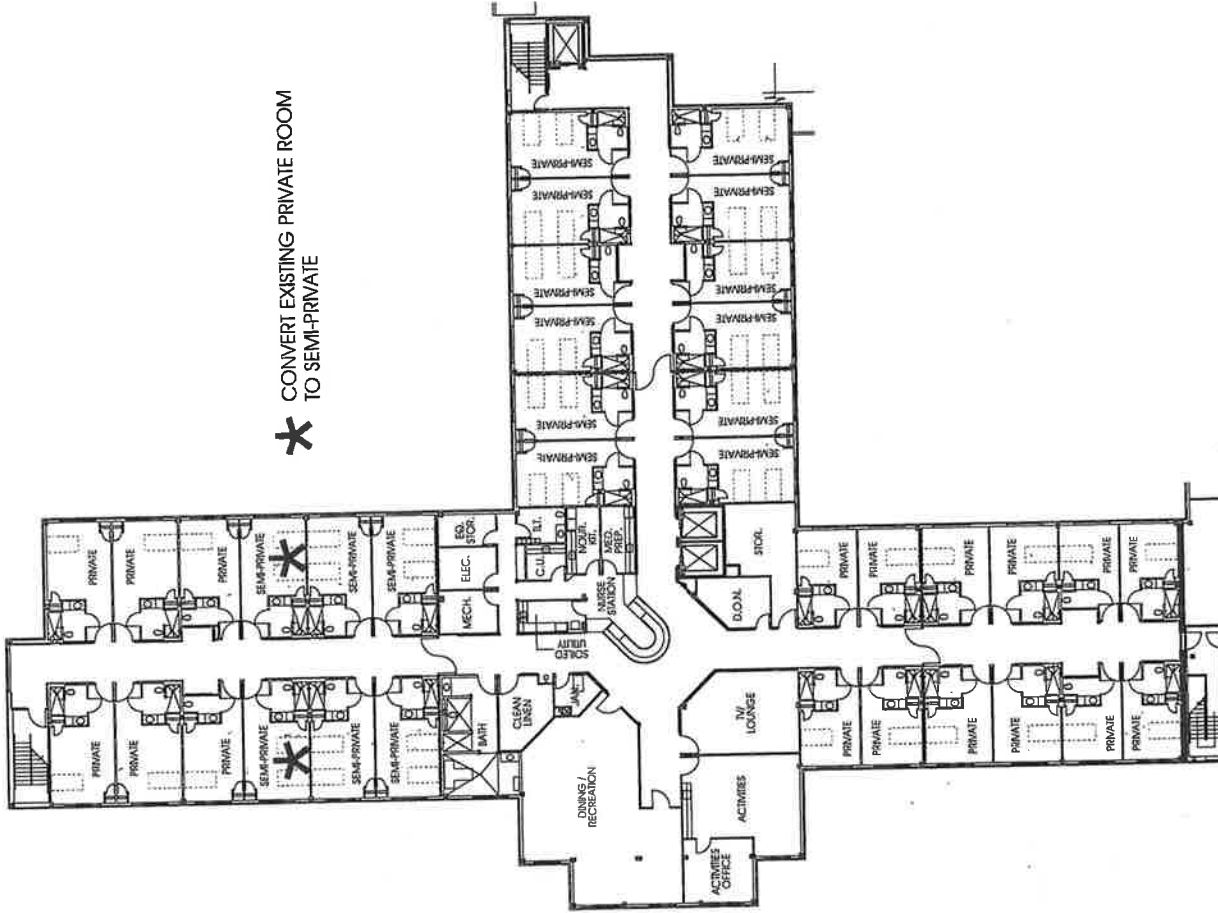
* CONVERT EXISTING PRIVATE ROOM
TO SEMI-PRIVATE



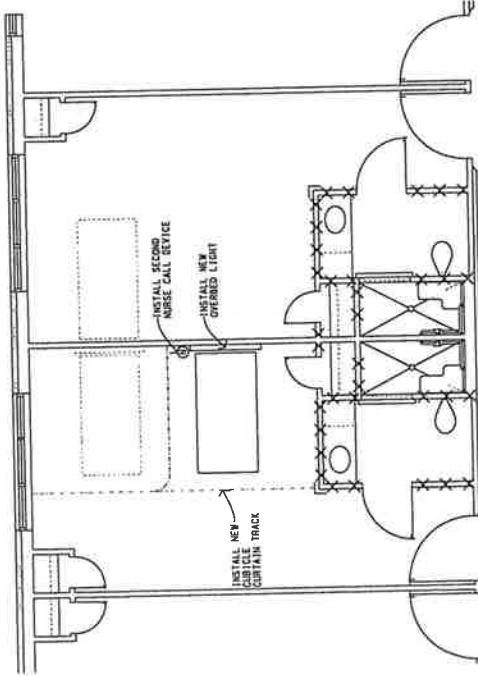
FIRST FLOOR PLAN



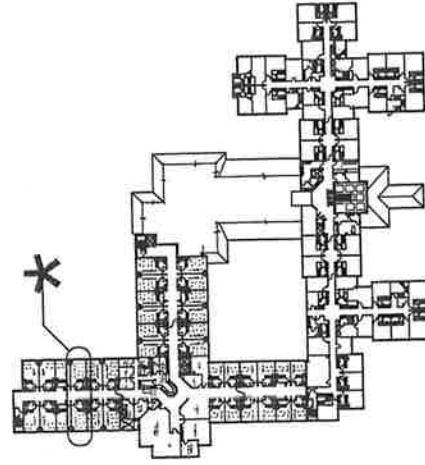
KEY PLAN



SECOND FLOOR PLAN



ROOM CONVERSION PLAN



KEY PLAN

Section B General Criteria – B Need – A1

Nursing Facility Bed Need

SNF Need Formula

12/10/17

Knox County

County Bed Need

Population 65 & under

Population 65-74

Population 75-84

Population 85+

2020 Population	Rate	Needed Beds By Age
408,014	0.0005	204
47,781	0.012	573
23,403	0.06	1,404
<u>9,795</u>	0.15	<u>1,469</u>
488,993		3,650
VA =		140
Existing Beds =		1,827
Need =		1,963

Source: Office of Health Statistics,
Bureau of Health Informatics, Tennessee
Department of Health

Existing beds based on licensed beds, Licensed Health Facilities,
TN Department of Health
VA beds are not counted for purposes of
calculating bed need.

General Bed Need Formula

Knox County

County Bed Need

Population 65 & under

Population 65-74

Population 75-84

Population 85+

2020 Population	Rate	Needed Beds By Age
408,014	0.0004	163
47,781	0.01	478
23,403	0.04	936
<u>9,795</u>	0.15	<u>1,469</u>
488,993		3,046
VA =		140
Existing Beds =		1,827
Need =		1359

Source: Office of Health Statistics,
Bureau of Health Informatics, Tennessee
Department of Health

Existing beds based on licensed beds, Licensed Health Facilities,
TN Department of Health
VA beds are not counted for purposes of
calculating bed need.

**NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS
METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS,
BY COUNTY AND STATE TOTAL, 2019 (Based on 2017 UTCBER Projection Series*)**

COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED
STATE	7,037,025	53,353	HAMBLETON	66,616	607	MORGAN	24,071	184
ANDERSON	78,731	815	HAMILTON	365,577	3,122	OBION	31,600	307
BEDFORD	51,420	359	HANCOCK	6,996	66	OVERTON	24,090	223
BENTON	16,727	185	HARDEMAN	27,279	217	PERRY	8,414	89
BLEDSE	13,437	119	HARDIN	26,743	287	PICKETT	5,251	71
BLOUNT	138,116	1,290	HAWKINS	59,553	568	POLK	17,726	167
BRADLEY	108,679	881	HAYWOOD	18,198	147	PUTNAM	83,063	695
CAMPBELL	41,721	394	HENDERSON	30,072	246	RHEA	34,903	314
CANNON	14,740	139	HENRY	33,922	373	ROANE	56,152	612
CARROLL	28,777	292	HICKMAN	27,123	214	ROBERTSON	77,441	513
CARTER	60,449	596	HOUSTON	9,085	90	RUTHERFORD	341,421	1,593
CHEATHAM	41,481	266	HUMPHREYS	19,136	186	SCOTT	23,145	181
CHESTER	18,811	163	JACKSON	12,320	124	SEQUATCHIE	16,667	146
CLAIBORNE	34,496	310	JEFFERSON	57,733	530	SEVIER	106,657	923
CLAY	7,879	91	JOHNSON	19,032	184	SHELBY	975,626	5,596
COCKE	37,510	354	KNOX	483,425	3,554	SMITH	20,685	157
COFFEE	57,398	510	LAKE	8,513	62	STEWART	14,313	133
CROCKETT	15,038	144	LAUDERDALE	29,055	192	SULLIVAN	159,584	1,743
CUMBERLAN	64,687	974	LAWRENCE	43,689	409	SUMNER	187,398	1,349
DAVIDSON	706,549	3,863	LEWIS	13,002	132	TIPTON	70,220	428
DECATUR	12,059	150	LINCOLN	35,286	327	TROUSDALE	8,651	63
DEKALB	20,074	180	LOUDON	57,017	722	UNICOI	19,082	223
DICKSON	55,589	419	MCMINN	55,411	545	UNION	20,228	156
DYER	39,736	325	MCNAIRY	27,625	264	VAN BUREN	5,684	54
FAYETTE	47,573	403	MACON	24,023	192	WARREN	41,304	360
FENTRESS	19,192	182	MADISON	105,581	827	WASHINGTON	139,160	1,216
FRANKLIN	42,543	427	MARION	29,974	274	WAYNE	17,598	160
GIBSON	52,184	486	MARSHALL	34,274	257	WEAKLEY	36,355	326
GILES	30,597	294	MAURY	91,811	705	WHITE	28,278	293
GRAINGER	24,407	219	MEIGS	12,408	115	WILLIAMSON	233,580	1,411
GREENE	74,149	734	MONROE	49,559	471	WILSON	136,217	956
GRUNDY	14,068	144	MONTGOMERY	216,612	920			
			MOORE	6,994	74			

Nov 2017

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT

*Projections Data Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment.
Note: These data will not match the University of Tennessee Data exactly due to rounding.

Section B. General Criteria - B Need A. 4

**Inventory, Utilization and
Service Area JAR Report**

[Home](#)[Go to TN.gov](#)Department of
Health

Last Updated: 11/15/2017

For more information, please contact
Health Care Facilities
(615)741-7221 or 800-310-4650

Health Care Facilities

Licensed Facilities

Current Listings

Type = Nursing Home

County = KNOX

Results = 16

Total Beds = 1967

[Click here to return to the search page](#)

1 BEVERLY PARK PLACE HEALTH
AND REHAB
5321 BEVERLY PARK CIRCLE
Knoxville, TN 37918
Attn: SUSETTE WILLIAMSON
865-687-1321

Administrator: SUSETTE WILLIAMSON
Owner Information:
HILLCREST HEALTHCARE
COMMUNITIES, INC.
5325 BEVERLY PARK CIRCLE
Knoxville, TN 37918
865-687-1321

Facility License Number:
00000143
Status: Licensed
Number of Beds: 0271
Date of Last Survey:
08/02/2017
Date of Original Licensure:
07/01/1992
Date of Expiration:
05/17/2018

This Facility is Managed By:
GRACE HEALTHCARE, LLC
Chattanooga TN

No Disciplinary Actions

2 FORT SANDERS TRANSITIONAL
CARE UNIT
1901 CLINCH AVENUE
Knoxville, TN 37916
Attn: Keith N. Altshuler
865-541-1111

Administrator: Keith N. Altshuler
Owner Information:
FORT SANDERS REGIONAL MEDICAL
CENTER, INC
1901 CLINCH AVENUE
Knoxville, TN 37916
865-541-1111

Facility License Number:
00000325
Status: Licensed
Number of Beds: 0024
Date of Last Survey:
03/01/2017
Date of Original Licensure:
05/16/1994

			Date of Expiration: 09/08/2018 No Disciplinary Actions
3	HOLSTON HEALTH & REHABILITATION CENTER 3916 BOYDS BRIDGE PIKE Knoxville, TN 37914 Attn: KEITH S. MCCORD 865-524-1500	Administrator: KEITH S. MCCORD Owner Information: NHC HEALTHCARE/HOLSTON HILLS, LLC 3916 BOYDS BRIDGE PIKE Knoxville, TN 37914 865-524-1500	Facility License Number: 00000333 Status: Licensed Number of Beds: 0094 Date of Last Survey: 08/14/2017 Date of Original Licensure: 02/06/1995 Date of Expiration: 01/28/2018 No Disciplinary Actions
4	ISLAND HOME PARK HEALTH AND REHAB 1758 HILLWOOD DRIVE Knoxville, TN 37920 Attn: Trudy K. Durham 865-573-9621	Administrator: Trudy K. Durham Owner Information: HILLCREST HEALTHCARE COMMUNITIES,INC. 5325 BEVERLY PARK CIRCLE Knoxville, TN 37918 865-246-4018	Facility License Number: 00000144 Status: Licensed Number of Beds: 0095 Date of Last Survey: 06/12/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 02/24/2018 <i>This Facility is Managed By:</i> <i>GRACE HEALTHCARE, LLC</i> <i>Chattanooga TN</i> No Disciplinary Actions
5	Kindred Nursing and Rehabilitation - Northhaven 3300 North Broadway Knoxville, TN 37917 Attn: William R. Sharpe 865-689-2052	Administrator: William R. Sharpe Owner Information: Kindred Nursing Centers Limited Partners 680 South Fourth Street Louisville, KY 40202-2407 502-596-7300	Facility License Number: 00000148 Status: Licensed Number of Beds: 0096 Date of Last Survey: 09/13/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 06/28/2018 No Disciplinary Actions
6	LITTLE CREEK SANITARIUM 1811 LITTLE CREEK LANE Knoxville, TN 37922 Attn: Patricia Chapman 865-690-6727	Administrator: Patricia Chapman Owner Information: LITTLE CREEK SANITARIUM HOSPITAL&SCHOOL 1811 LITTLE CREEK LANE Knoxville, TN 37922 865-690-6727	Facility License Number: 00000147 Status: Licensed Number of Beds: 0038 Date of Last Survey: 08/10/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 04/26/2018 No Disciplinary Actions

7	NHC HEALTHCARE, FARRAGUT 120 CAVETT HILL LANE Knoxville, TN 37922 Attn: KARLA LANE 865-777-4000	Administrator: KARLA LANE Owner Information: NHC HEALTHCARE/FARRAGUT, LLC 120 CAVETT HILL LANE Knoxville, TN 37934 423-777-4000	Facility License Number: 00000363 Status: Licensed Number of Beds: 0100 Date of Last Survey: 10/25/2017 Date of Original Licensure: 04/15/1998 Date of Expiration: 04/22/2018 No Disciplinary Actions
8	NHC HEALTHCARE, FORT SANDERS 2120 HIGHLAND AVENUE Knoxville, TN 37916 Attn: DOUGLAS FORD 865-525-4131	Administrator: DOUGLAS FORD Owner Information: KNOXVILLE HEALTH CARE CENTER, LP 2120 HIGHLAND AVENUE Knoxville, TN 37916 865-525-4131	Facility License Number: 00000319 Status: Licensed Number of Beds: 0166 Date of Last Survey: 12/14/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 10/13/2018 <i>This Facility is Managed By:</i> <i>NATIONAL HEALTHCARE CORPORATION</i> <i>Murfreesboro TN</i> No Disciplinary Actions
9	NHC HEALTHCARE, KNOXVILLE 809 E. EMERALD AVENUE Knoxville, TN 37917 Attn: Thoams Bradley Shuford 865-524-7366	Administrator: Thoams Bradley Shuford Owner Information: NATIONAL HEALTHCARE/KNOXVILLE, LLC 809 E. EMERALD AVENUE Knoxville, TN 37917 423-524-7366	Facility License Number: 00000146 Status: Licensed Number of Beds: 0129 Date of Last Survey: 10/18/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 05/17/2018 No Disciplinary Actions
10	Senator Ben Atchley State Veterans Home ONE VETERANS WAY Knoxville, TN 37931 Attn: DOUG OTTINGER 865-862-8100	Administrator: DOUG OTTINGER Owner Information: STATE OF TENNESSEE 312 ROSA L. PARKS AVENUE Nashville, TN 37243 615-741-0320	Facility License Number: 00000385 Status: Licensed Number of Beds: 0140 Date of Last Survey: 03/07/2017 Date of Original Licensure: 12/27/2006 Date of Expiration: 05/03/2018 No Disciplinary Actions
11	SERENE MANOR MEDICAL CENTER 970 WRAY STREET Knoxville, TN 37917	Administrator: RITA W. GRIFFIN Owner Information: SERENE MANOR HOSPITAL, INC.	Facility License Number: 00000149 Status: Licensed

	Attn: RITA W. GRIFFIN 865-523-9171	970 WRAY STREET Knoxville, TN 37917 865-523-9171	Number of Beds: 0079 Date of Last Survey: 07/12/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 04/22/2018 No Disciplinary Actions
12	SHANNONDALE HEALTH CARE CENTER 7424 MIDDLEBROOK PIKE Knoxville, TN 37909 Attn: Keith Lee Boyce 865-690-3411	Administrator: Keith Lee Boyce Owner Information: PRESBYTERIAN HOMES OF TENNESSEE INC. 801 VANOSDALE ROAD Knoxville, TN 37909 865-690-3411	Facility License Number: 00000150 Status: Licensed Number of Beds: 0176 Date of Last Survey: 12/07/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 04/28/2018 No Disciplinary Actions
13	SUMMIT VIEW OF FARRAGUT, LLC 12823 KINGSTON PIKE Knoxville, TN 37934 Attn: Becky Strawn 865-966-0600	Administrator: Becky Strawn Owner Information: SUMMIT VIEW OF FARRAGUT, LLC 12823 KINGSTON PLACE Knoxville, TN 37934 865-966-0600	Facility License Number: 00000142 Status: Licensed Number of Beds: 0113 Date of Last Survey: 03/08/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 02/12/2018 <i>This Facility is Managed By: SUMMIT VIEW HEALTH MGMT Knoxville TN</i> No Disciplinary Actions
14	WellPark at Shannondale 7512 MIDDLEBROOK PIKE Knoxville, TN 37909 Attn: Todd Taylor 865-690-3411	Administrator: Todd Taylor Owner Information: PRESBYTERIAN HOMES OF TENNESSEE, INC 801 VANOSDALE ROAD Knoxville, TN 37909 865-690-3411	Facility License Number: 00000404 Status: Licensed Number of Beds: 0030 Date of Last Survey: 04/04/2017 Date of Original Licensure: 10/19/2015 Date of Expiration: 10/18/2018 No Disciplinary Actions
15	WEST HILLS HEALTH AND REHAB 6801 MIDDLEBROOK PIKE Knoxville, TN 37909 Attn: Claude Mapp 865-588-7661	Administrator: Claude Mapp Owner Information: HILLCREST HEALTHCARE COMMUNITIES, INC. 5325 BEVERLY PARK CIRCLE Knoxville, TN 37918 865-246-4018	Facility License Number: 00000145 Status: Licensed Number of Beds: 0194 Date of Last Survey: 02/23/2017

Date of Original Licensure:
07/01/1992
Date of Expiration:
04/21/2018

This Facility is Managed By:
GRACE HEALTHCARE LLC
Chattanooga TN
No Disciplinary Actions

Facility License Number:
00000141
Status: Licensed
Number of Beds: 0222
Date of Last Survey:
09/27/2017
Date of Original Licensure:
07/01/1992
Date of Expiration:
04/08/2018

This Facility is Managed By:
HEALTH SERVICES
MANAGEMENT GROUP
Cleveland TN
No Disciplinary Actions

WESTMORELAND HEALTH &
REHABILITATION CENTER
5837 LYONS VIEW PIKE
Knoxville, TN 37919
Attn: Jodie Jones
865-584-3902

Administrator: Jodie Jones
Owner Information:
KNOXVILLE HEALTHCARE, LLC
485 CENTRAL AVENUE NE
Cleveland, TN 37311
423-478-5953

16



Knox County Nursing Homes Occupancy

NURSING HOMES		2017 Licensed Beds*	2014 Occupancy	2015 Occupancy	2016 Occupancy
1	Beverly Park Place Health and Rehab	271	86.2%	84.5%	73.9%
2	Fort Sanders TCU	24	80.2%	75.7%	78.4%
3	Holston Health & Rehabilitation Center	94	72.2%	83.1%	86.3%
4	Island Home Park Health and Rehab	95	87.0%	75.9%	76.5%
5	Kindred Nursing and Rehabilitation - Northhaven	96	89.6%	87.3%	85.4%
6	Little Creek Sanitarium	38	95.6%	92.0%	94.3%
7	NHC HealthCare, Farragut	100	95.7%	94.3%	93.1%
8	NHC HealthCare, Fort Sanders	166	83.7%	76.9%	84.6%
9	NHC HealthCare, Knoxville	129	76.5%	75.0%	74.1%
10	Serene Manor Medical Center	79	93.8%	92.0%	93.8%
11	Shannondale Health Care Center	176	90.6%	97.7%	96.3%
12	Summit View of Farragut	113	89.5%	62.2%	90.8%
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	73.6%	62.2%	N/A
14	WellPark at Shannondale*	30	N/A	11.4%	26.4%
15	West Hills Health and Rehab	194	69.1%	63.5%	53.4%
16	Westmoreland Health & Rehabilitation Center	222	65.0%	65.4%	63.5%
Total		1827	83.2%	74.9%	78.1%

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.
 Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.
 WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014-2016 JAR Reports Utilization

**Knox County
Private and Semi-private Rooms**

	Nursing Homes	Licensed Beds	# of Beds in Pvt Rooms	# of Beds in Semi-Pvt Rooms	# of Beds In Ward
1	Beverly Park Place Health and Rehab	271	63	208	-
2	Fort Sanders TCU	24	24	-	-
3	Holston Health & Rehabilitation Center	94	38	52	-
4	Island Home Park Health and Rehab	95	3	92	-
5	Kindred Nursing and Rehabilitation - Northhaven	96	4	78	14
6	Little Creek Sanitarium	38	32	6	-
7	NHC HealthCare, Farragut	100	58	42	-
8	NHC HealthCare, Fort Sanders	166	12	154	-
9	NHC HealthCare, Knoxville	129	35	94	-
10	Serene Manor Medical Center	79	8	26	45
11	Shannondale Health Care Center	176	176	-	-
12	Summit View of Farragut	113	2	111	-
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	N/A	N/A
14	WellPark at Shannondale	30	30	-	-
15	West Hills Health and Rehab	194	62	62	-
16	Westmoreland Health & Rehabilitation Center	222	-	222	-

* Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.

Source: 2016 Joint Annual Report

Knox County Nursing Homes 2014 - 2016 Patient Days

	NURSING HOMES	2017 Licensed Beds*	CMS Star Rating	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14 - '16 % of Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
1	Beverly Park Place Health and Rehab	271	5	85,277	83,575	73,109	-14.3%	86.2%	84.5%	73.9%
2	Fort Sanders TCU	24	5	7,022	6,628	6,872	-2.1%	80.2%	75.7%	78.4%
3	Holston Health & Rehabilitation Center	94	5	28,706	28,517	29,618	3.2%	72.2%	83.1%	86.3%
4	Island Home Park Health and Rehab	95	2	30,160	26,322	26,533	-12.0%	87.0%	75.9%	76.5%
5	Kindred Nursing and Rehabilitation - Northhaven	96	2	31,379	30,590	29,931	-4.6%	89.6%	87.3%	85.4%
6	Little Creek Sanitarium	38	N/A	13,260	12,755	13,086	-1.3%	95.6%	92.0%	94.3%
7	NHC HealthCare, Farragut	100	2	34,919	34,418	33,977	-2.7%	95.7%	94.3%	93.1%
8	NHC HealthCare, Fort Sanders	166	5	50,717	46,608	51,239	1.0%	83.7%	76.9%	84.6%
9	NHC HealthCare, Knoxville	129	3	38,834	35,302	34,906	-10.1%	76.5%	75.0%	74.1%
10	Serene Manor Medical Center	79	1	27,039	26,537	27,036	0.0%	93.8%	92.0%	93.8%
11	Shannondale Health Care Center	176	4	66,166	62,775	61,865	-6.5%	90.6%	97.7%	96.3%
12	Summit View of Farragut	113	1	36,934	25,675	37,464	1.4%	89.5%	62.2%	90.8%
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	6,715	6,093	N/A	N/A	73.6%	62.2%	N/A
14	WellPark at Shannondale*	30	5	N/A	109	2,893	N/A	N/A	11.4%	26.4%
15	West Hills Health and Rehab	194	4	48,910	44,992	37,815	-22.7%	69.1%	63.5%	53.4%
16	Westmoreland Health & Rehabilitation Center	222	1	52,628	52,496	51,449	-2.2%	65.0%	65.4%	63.5%

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.
Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.
WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014 - 2016 JAR Reports
Medicare.gov

Knox County Nursing Homes
2014 - 2016 Admissions & Average Length of Stay

	NURSING HOMES	2017 Licensed Beds	Admissions			Average Length of Stay		
			2014	2015	2016	2014	2015	2016
1	Beverly Park Place Health and Rehab	271	657	613	699	217	136	142
2	Fort Sanders TCU	24	542	489	539	13	14	13
3	Holston Health & Rehabilitation Center	94	478	484	431	104	112	138
4	Island Home Park Health and Rehab	95	220	158	321	111	57	137
5	Kindred Nursing and Rehabilitation - Northhaven	96	237	297	322	247	111	109
6	Little Creek Sanitarium	38	25	31	19	891	404	495
7	NHC HealthCare, Farragut	100	1,613	1,797	1,780	23	19	19
8	NHC HealthCare, Fort Sanders	166	571	747	892	120	62	58
9	NHC HealthCare, Knoxville	129	555	556	725	69	62	49
10	Serene Manor Medical Center	79	28	26	25	1,278	380	393
11	Shannondale Health Care Center	176	323	309	72	83	214	603
12	Summit View of Farragut	113	345	342	345	75	25	81
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	665	625	N/A	10	10	N/A
14	WellPark at Shannondale*	30	N/A	7	141	N/A	15	20
15	West Hills Health and Rehab	194	416	527	471	118	89	81
16	Westmoreland Health & Rehabilitation Center	222	809	569	479	86	49	73

* Senator Ben Atchley State Veterans Home 140 beds have been omitted from the analysis.
 Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.
 WellPark at Shannondale was licensed on 10/19/15 and reported data from 11/30/15 - 12/31/15.

Source: 2014 - 2016 JAR Reports

**Knox County Nursing Homes
2016**

	NURSING HOMES	2016 Licensed Beds	Beds Medicare Only	Beds Dually Certified	Beds Level I Medicaid	Licensed Only Non-Certified	SNF Medicare/ ADC	Level 2 Medicaid ADC	skilled All Other Payers ADC	Non skilled ADC	Total ADC
1	Beverly Park Place Health and Rehab	271	0	271	0	0	28	1.3	0	170	199.63
2	Fort Sanders TCU	24	24	0	0	0	17	0.00	1.3	0	18.30
3	Holston Health & Rehabilitation Center	94	0	94	0	0	38	0.20	0	43	80.81
4	Island Home Park Health and Rehab	95	0	95	0	0	11	1.5	0.8	60	72.87
5	Kindred Nursing and Rehabilitation - Northaven	96	0	96	0	0	15	1.3	0	65	81.50
6	Little Creek Sanitarium	38	0	0	0	38	0	0	0	36	35.75
7	NHC HealthCare, Farragut	100	100	0	0	0	76	0	7.69	9	92.83
8	NHC HealthCare, Fort Sanders	166	0	166	0	0	43	9.48	0	88	140.47
9	NHC HealthCare, Knoxville	129	0	129	0	0	33	2	0	61	95.48
10	Serene Manor Medical Center	79	0	0	79	0	0	0.00	0	74	73.87
11	Shannondale Health Care Center	176	0	176	0	0	23	0.00	40	106	168.64
12	Summit View of Farragut	113	0	113	0	0	18	0.98	5	79	102.39
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	WellPark at Shannondale	30	30	0	0	0	8	0.00	0.11	0	8.11
15	West Hills Health and Rehab	194	0	194	0	0	26	0.00	0	77	103.32
16	Westmoreland Health & Rehabilitation Center	222	0	222	0	0	18	1.16	0	122	140.78

* Tennova Healthcare-Physicians Regional Medical Center 25 beds went into inactive status effective 9/7/16 - 10/7/18.

Source: 2015 Joint Annual Report

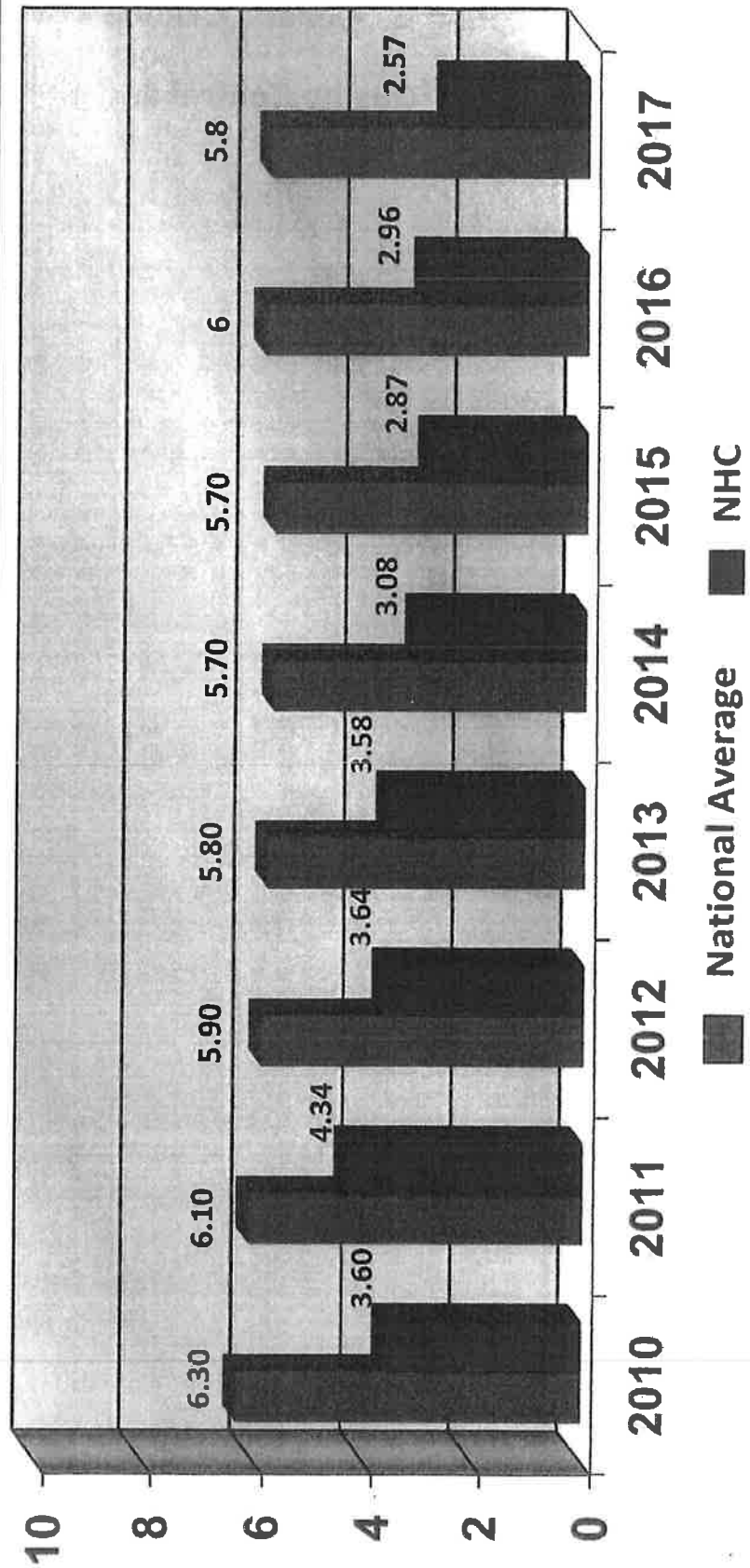
Section B. General Criteria - B Need A. 12

Quality Control and Monitoring

NHC

Deficiencies per Survey

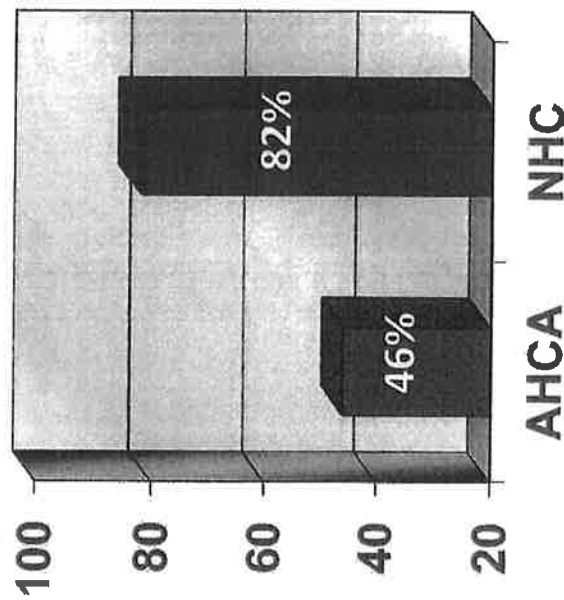
NHC vs. National Average 2010-2017



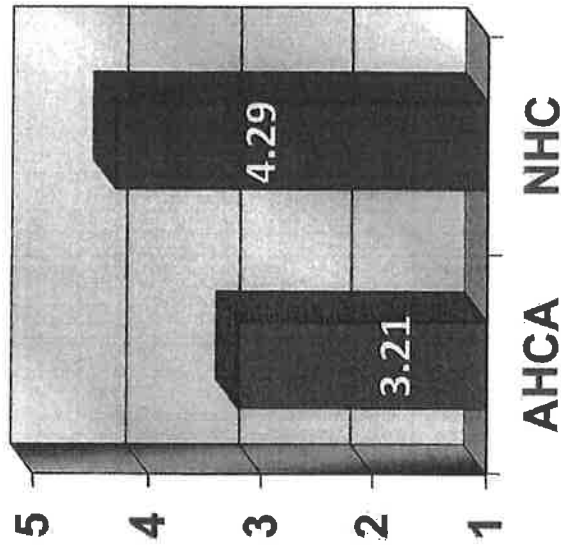
CMS Five-Star Ratings

Operational Excellence – YTD 2017

Four and Five-Star Ratings %
AHCA vs. NHC



Average Overall Scores
AHCA vs. NHC



Section B. General Criteria – B Need A. 14a
Occupancy summary for the 6-bed addition

OCCUPANCY SUMMARY
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Jan-19	0.00	4.00	4.00	2.00	31	62	186	33.33%
Feb-19	4.00	1.50	5.50	4.75	28	133	168	79.17%
Mar-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Apr-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
May-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Jun-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Jul-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Aug-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Sep-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Oct-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Nov-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Dec-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
YEAR 1	0.00	5.50	5.50		365	1,881	2,190	85.89%
Jan-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Feb-20	5.50	0.00	5.50	5.50	29	160	174	91.95%
Mar-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Apr-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
May-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Jun-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Jul-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Aug-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Sep-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Oct-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Nov-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Dec-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
YEAR 2	5.50	0.00	5.50		366	2,017	2,196	91.85%

Section B. General Criteria - B Need A 14c

Additional Occupancy Rate Standards

Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

15 hospitals in Knox, Tennessee.

Nursing Home Search Results

Nursing Home Information	Overall Rating	Health Inspections	Staffing	Quality Ratings
BEVERLY PARK PLACE HEALTH AND REHAB 5321 BEVERLY PARK CIRCLE KNOXVILLE, TN 37918 (865) 687-1321	<i>5 out of 5 stars</i> Much Above Average	<i>4 out of 5 stars</i> Above Average	<i>3 out of 5 stars</i> Average	<i>5 out of 5 stars</i> Much Above Average
FORT SANDERS TCU 1901 CLINCH AVE KNOXVILLE, TN 37916 (865) 541-1581	<i>5 out of 5 stars</i> Much Above Average	<i>5 out of 5 stars</i> Much Above Average	<i>5 out of 5 stars</i> Much Above Average	<i>5 out of 5 stars</i> Much Above Average
HOLSTON HEALTH & REHABILITATION CENTER 3916 BOYDS BRIDGE PIKE KNOXVILLE, TN 37914 (865) 524-1500	<i>5 out of 5 stars</i> Much Above Average	<i>5 out of 5 stars</i> Much Above Average	<i>3 out of 5 stars</i> Average	<i>4 out of 5 stars</i> Above Average
ISLAND HOME PARK HEALTH AND REHAB 1758 HILLWOOD DRIVE KNOXVILLE, TN 37920 (865) 573-9621	<i>2 out of 5 stars</i> Below Average	<i>2 out of 5 stars</i> Below Average	<i>3 out of 5 stars</i> Average	<i>3 out of 5 stars</i> Average

Nursing Home Information	Overall Rating	Health Inspections	Staffing	Quality Ratings
KINDRED HEALTH AND REHABILITATION- NORTHAVERN 3300 BROADWAY NE KNOXVILLE, TN 37917 (865) 689-2052	2 out of 5 stars Below Average	2 out of 5 stars Below Average	2 out of 5 stars Below Average	2 out of 5 stars Below Average
NHC HEALTHCARE, FARRAGUT 120 CAVETT HILL LANE KNOXVILLE, TN 37922 (865) 777-4000	2 out of 5 stars Below Average	1 out of 5 stars Much Below Average	5 out of 5 stars Much Above Average	5 out of 5 stars Much Above Average
NHC HEALTHCARE, FT SANDERS 2120 HIGHLAND AVE KNOXVILLE, TN 37916 (865) 525-4131	5 out of 5 stars Much Above Average	5 out of 5 stars Much Above Average	3 out of 5 stars Average	5 out of 5 stars Much Above Average
NHC HEALTHCARE, KNOXVILLE 809 EAST EMERALD AVE KNOXVILLE, TN 37917 (865) 524-7366	3 out of 5 stars Average	2 out of 5 stars Below Average	3 out of 5 stars Average	5 out of 5 stars Much Above Average
SENATOR BEN ATCHLEY STATE VETERANS' HOME ONE VETERANS WAY KNOXVILLE, TN 37931 (865) 862-8100	4 out of 5 stars Above Average	4 out of 5 stars Above Average	4 out of 5 stars Above Average	4 out of 5 stars Above Average
SERENE MANOR MEDICAL CTR. 970 WRAY ST KNOXVILLE, TN 37917 (865) 523-9171	1 out of 5 stars Much Below Average	2 out of 5 stars Below Average	3 out of 5 stars Average	1 out of 5 stars Much Below Average

Nursing Home Information	Overall Rating	Health Inpections	Staffing	Quality Ratings
SHANNONDALE HEALTH CARE CENTER 7424 MIDDLEBROOK PIKE KNOXVILLE, TN 37909 (865) 690-3411	4 out of 5 stars Above Average	4 out of 5 stars Above Average	3 out of 5 stars Average	4 out of 5 stars Above Average
SUMMIT VIEW OF FARRAGUT, LLC 12823 KINGSTON PIKE KNOXVILLE, TN 37923 (865) 966-0600	1 out of 5 stars Much Below Average	1 out of 5 stars Much Below Average	3 out of 5 stars Average	2 out of 5 stars Below Average
WELLPARK AT SHANNONDALE 7512 MIDDLEBROOK PIKE KNOXVILLE, TN 37909 (865) 690-3411	5 out of 5 stars Much Above Average	5 out of 5 stars Much Above Average	5 out of 5 stars Much Above Average	2 out of 5 stars Below Average
WEST HILLS HEALTH AND REHAB 6801 MIDDLEBROOK PIKE KNOXVILLE, TN 37919 (865) 588-7661	4 out of 5 stars Above Average	3 out of 5 stars Average	4 out of 5 stars Above Average	2 out of 5 stars Below Average
WESTMORELAND HEALTH AND REHABILITATION CENTER 5837 LYONS VIEW PIKE KNOXVILLE, TN 37919 (865) 584-3902	1 out of 5 stars Much Below Average	1 out of 5 stars Much Below Average	1 out of 5 stars Much Below Average	4 out of 5 stars Above Average

**Knox County Nursing Facilities State Survey Results by
Number of Deficiencies**

12/11/2017

Facility	CMS Star Rating	Survey Date	Number of Health Deficiencies	Average Number of Hlth Deficiencies in TN	Difference in Avg Number of Hlth Deficiencies in TN	Average Number of Hlth Deficiencies in US	Difference in Avg Number of Hlth Deficiencies in US
Beverly Park Place Health and Rehab	5	8/2/2017	5	5.2	(0.2)	7.2	(2.2)
		8/24/2016	1	4.9	(3.9)	7.4	(6.4)
		8/5/2015	2	5.2	(3.2)	7.1	(5.1)
Fort Sanders TCU	5	3/1/2017	0	5.2	(5.2)	7.2	(7.2)
		2/18/2016	0	4.9	(4.9)	7.4	(7.4)
		1/27/2015	0	5.2	(5.2)	7.1	(7.1)
Holston Health & Rehabilitation Center	5	8/9/2017	0	5.2	(5.2)	7.2	(7.2)
		8/31/2016	4	4.9	(0.9)	7.4	(3.4)
		8/11/2015	0	5.2	(5.2)	7.1	(7.1)
Island Home Park Health and Rehab	2	6/7/2017	3	5.2	(2.2)	7.2	(4.2)
		6/15/2016	5	4.9	0.1	7.4	(2.4)
		6/10/2015	5	5.2	(0.2)	7.1	(2.1)
Kindred Nursing and Rehabilitation - Northaven	2	9/13/2017	4	5.2	(1.2)	7.2	(3.2)
		9/15/2016	4	4.9	(0.9)	7.4	(3.4)
		9/23/2015	6	5.2	0.8	7.1	(1.1)
NHC HealthCare, Farragut	2	10/19/2016	4	4.9	(0.9)	7.2	(3.2)
		10/28/2015	2	4.9	(2.9)	7.5	(5.5)
		8/13/2014	3	5.2	(2.2)	7.1	(4.1)
NHC HealthCare, Fort Sanders	5	12/14/2016	0	4.9	(4.9)	7.2	(7.2)
		12/2/2015	2	4.9	(2.9)	7.5	(5.5)
		10/1/2014	2	5.2	(3.2)	7.1	(5.1)
NHC HealthCare, Knoxville	3	10/20/2016	8	4.9	3.1	7.2	0.8
		10/21/2015	4	4.9	(0.9)	7.5	(3.5)
		8/6/2014	4	5.2	(1.2)	7.1	(3.1)
Serene Manor Medical Center	1	7/12/2017	3	5.2	(2.2)	7.2	(4.2)
		8/9/2016	7	4.9	2.1	7.4	(0.4)
		7/26/2015	6	5.2	0.8	7.1	(1.1)
Shannondale Health Care Center	4	12/7/2016	4	4.9	(0.9)	7.2	(3.2)
		11/18/2015	0	4.9	(4.9)	7.5	(7.5)
		9/17/2014	4	5.2	(1.2)	7.1	(3.1)
Summit View of Farragut	1	3/8/2017	9	5.2	3.8	7.2	1.8
		2/24/2016	9	4.9	4.1	7.4	1.6
		2/27/2015	14	5.2	8.8	7.1	6.9
WellPark of Shannondale	5	4/4/2017	1	5.2	(4.2)	7.2	(6.2)
		4/6/2016	0	4.9	(4.9)	7.4	(7.4)
West Hills Health and Rehab	4	2/23/2017	8	5.2	2.8	7.2	0.8
		2/10/2016	2	4.9	(2.9)	7.4	(5.4)
		1/22/2015	1	5.2	(4.2)	7.1	(6.1)
Westmoreland Health & Rehabilitation Center	1	9/27/2017	2	5.2	(3.2)	7.2	(5.2)
		10/6/2016	10	4.9	5.1	7.4	2.6
		0/30/2015	3	5.2	(2.2)	7.1	(4.1)

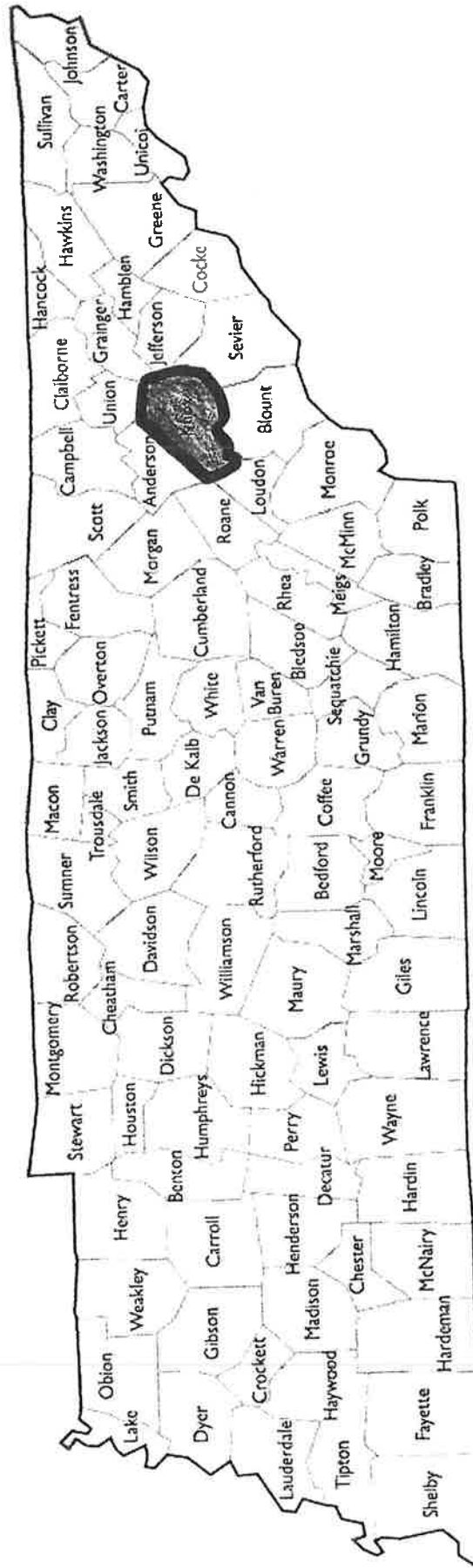
Little Creek Sanitarium and Tennova Healthcare have been omitted from the above table. Little Creek is not Medicare certified and Tennova is currently in inactive status.

Source: Medicare.gov Nursing Home Compare

Section B – Need - C

Service Area Map

County Level Map



Section B - Economic Feasibility – A 5

Letter from Architect

Section B - Economic Feasibility – B 5

Project Funding

15

16

NHC

NATIONAL HEALTHCARE CORPORATION

December 11, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

RE: NHC HealthCare/Farragut, LLC d/b/a NHC HealthCare, Farragut (Knox County),
6 Bed Addition \$140,000

Dear Ms. Hill:

National HealthCare Corporation, a NYSE American publicly traded company with over \$69,000,000 of cash and cash equivalents, as stated in the October 31, 2017 10-Q, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

Should you have any further questions or comments, please advise.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Brian F. Kidd
Senior Vice President, Controller and Principal Accounting Officer

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-13489



(Exact name of registrant as specified in its Corporate Charter)

Delaware
(State of Incorporation)

52-2057472
(I.R.S. Employer I.D. No.)

100 Vine Street
Murfreesboro, Tennessee 37130
(Address of principal executive offices)
Telephone Number: **615-890-2020**

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class
Shares of Common Stock

Name of Each Exchange on which Registered
NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates on June 30, 2016 (based on the closing price of such shares on the NYSE MKT) was approximately \$505 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.
The number of shares of Common Stock outstanding as of February 9, 2017 was 15,177,938.

Documents Incorporated by Reference

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K:
The Registrant's definitive proxy statement for its 2017 shareholder's meeting.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2016 and 2015 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2016 and 2015 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company changed its presentation of restricted cash in the statements of cash flows as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230)—Restricted Cash—a consensus of the FASB Emerging Issues Task Force*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 15, 2017, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 15, 2017

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Income
(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2016	2015	2014
Revenues:			
Net patient revenues	\$ 880,724	\$ 864,846	\$ 829,287
Other revenues	45,914	41,776	42,396
Net operating revenues	<u>926,638</u>	<u>906,622</u>	<u>871,683</u>
Costs and Expenses:			
Salaries, wages and benefits	548,007	532,735	510,249
Other operating	233,833	227,072	217,143
Facility rent	41,292	39,967	39,731
Depreciation and amortization	39,023	37,114	34,384
Interest	3,941	2,608	2,165
Total costs and expenses	<u>866,096</u>	<u>839,496</u>	<u>803,672</u>
Income Before Non-Operating Income	60,542	67,126	68,011
Non-Operating Income	<u>19,665</u>	<u>18,148</u>	<u>17,182</u>
Income Before Income Taxes	80,207	85,274	85,193
Income Tax Provision	<u>(29,669)</u>	<u>(32,131)</u>	<u>(31,824)</u>
Net Income	<u>50,538</u>	<u>53,143</u>	<u>53,369</u>
Dividends to Preferred Stockholders	<u>—</u>	<u>(6,819)</u>	<u>(8,670)</u>
Net Income Available to Common Stockholders	<u>\$ 50,538</u>	<u>\$ 46,324</u>	<u>\$ 44,699</u>
Earnings Per Common Share:			
Basic	\$ 3.34	\$ 3.34	\$ 3.24
Diluted	\$ 3.32	\$ 3.20	\$ 3.14
Weighted Average Common Shares Outstanding:			
Basic	15,134,518	13,889,134	13,816,095
Diluted	15,206,997	14,491,433	14,222,133
Dividends Declared Per Common Share	\$ 1.75	\$ 1.54	\$ 1.34

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Net Income	\$ 50,538	\$ 53,143	\$ 53,369
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on investments in marketable securities	21,705	(17,740)	30,416
Reclassification adjustment for realized gains on sale of securities	(816)	(566)	(379)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(8,185)	7,062	(11,614)
Other comprehensive income (loss), net of tax	12,704	(11,244)	18,423
Comprehensive Income	\$ 63,242	\$ 41,899	\$ 71,792

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

	December 31,	
	2016	2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 26,335	\$ 38,208
Restricted cash and cash equivalents	3,125	8,793
Marketable securities	138,013	116,168
Restricted marketable securities	22,773	18,276
Accounts receivable, less allowance for doubtful accounts of \$5,743 and \$5,583, respectively	82,531	84,095
Inventories	7,508	7,568
Prepaid expenses and other assets	2,648	2,171
Notes receivable, current portion	3,259	460
Federal income tax receivable	4,665	3,203
Total current assets	<u>290,857</u>	<u>278,942</u>
Property and Equipment:		
Property and equipment, at cost	933,140	875,287
Accumulated depreciation and amortization	<u>(373,516)</u>	<u>(339,241)</u>
Net property and equipment	<u>559,624</u>	<u>536,046</u>
Other Assets:		
Restricted cash and cash equivalents	2,129	2,313
Restricted marketable securities	160,931	151,590
Deposits and other assets	5,244	8,451
Goodwill	17,600	17,600
Notes receivable, less current portion	13,820	12,704
Investments in limited liability companies	37,242	37,683
Total other assets	<u>236,966</u>	<u>230,341</u>
Total assets	<u>\$ 1,087,447</u>	<u>\$ 1,045,329</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	December 31,	
	2016	2015
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 18,593	\$ 20,128
Capital lease obligations, current portion	3,481	3,279
Accrued payroll	65,912	65,338
Amounts due to third party payors	17,019	16,654
Accrued risk reserves, current portion	25,898	27,069
Other current liabilities	13,207	12,192
Dividends payable	6,818	5,996
Total current liabilities	<u>150,928</u>	<u>150,656</u>
Long-term debt	120,000	120,000
Capital lease obligations, less current portion	26,748	30,228
Accrued risk reserves, less current portion	65,264	71,439
Refundable entrance fees	9,924	9,865
Obligation to provide future services	3,236	3,440
Deferred income taxes	22,072	9,096
Other noncurrent liabilities	16,302	16,294
Deferred revenue	3,362	3,315
Stockholders' Equity:		
Common stock, \$.01 par value; 30,000,000 shares authorized; 15,162,938 and 15,000,616 shares, respectively, issued and outstanding	152	150
Capital in excess of par value	211,457	209,469
Retained earnings	391,934	368,013
Accumulated other comprehensive income	66,068	53,364
Total stockholders' equity	<u>669,611</u>	<u>630,996</u>
Total liabilities and stockholders' equity	<u>\$ 1,087,447</u>	<u>\$ 1,045,329</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
		<i>(as adjusted)</i>	<i>(as adjusted)</i>
Cash Flows From Operating Activities:			
Net income	\$ 50,538	\$ 53,143	\$ 53,369
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,023	37,114	34,384
Provision for doubtful accounts	5,967	6,583	6,228
Equity in earnings of unconsolidated investments	(6,636)	(5,845)	(6,675)
Distributions from unconsolidated investments	8,059	6,505	10,288
Gains on sale of marketable securities	(816)	(566)	(379)
Deferred income taxes	4,791	(648)	(1,434)
Stock-based compensation	509	1,982	2,021
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Accounts receivable	(4,403)	(11,835)	(5,215)
Income tax receivable	(1,462)	1,524	(4,727)
Inventories	60	(441)	19
Prepaid expenses and other assets	(477)	89	(2,587)
Trade accounts payable	(1,535)	4,251	2,827
Accrued payroll	574	5,479	(3,603)
Amounts due to third party payors	365	(6,277)	1,312
Other current liabilities and accrued risk reserves	(3,526)	(7,455)	(5,652)
Obligation to provide future services	(204)	(487)	238
Other noncurrent liabilities	8	283	1,486
Deferred revenue	47	(44)	39
Net cash provided by operating activities	<u>90,882</u>	<u>83,355</u>	<u>81,939</u>
Cash Flows From Investing Activities:			
Additions to property and equipment	(62,601)	(58,416)	(53,298)
Investments in unconsolidated companies	(1,282)	(674)	(1,975)
Acquisition of non-controlling interest	—	—	(768)
Investments in notes receivable	(5,251)	(5,676)	(767)
Collections of notes receivable	1,636	4,948	3,156
Purchases of marketable securities	(48,620)	(60,540)	(62,165)
Sale of marketable securities	34,642	47,574	48,786
Net cash used in investing activities	<u>(81,476)</u>	<u>(72,784)</u>	<u>(67,031)</u>
Cash Flows From Financing Activities:			
Borrowings under credit facility	—	110,000	—
Redemption of preferred shareholders	—	(130,538)	—
Principal payments under capital lease obligations	(3,278)	(3,089)	(2,436)
Dividends paid to preferred stockholders	—	(8,986)	(8,670)
Dividends paid to common stockholders	(25,795)	(21,089)	(18,704)
Issuance of common shares	10,772	10,634	7,429
Repurchase of common shares	(8,195)	—	(6,995)
Tax (expense) benefit from exercise of stock options	(1,096)	1,942	201
Debt issuance costs	—	(601)	—
Entrance fee deposits (refunds)	59	(354)	(501)
Change in deposits	402	406	(448)
Net cash used in financing activities	<u>(27,131)</u>	<u>(41,675)</u>	<u>(30,124)</u>
Net Decrease in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	<u>(17,725)</u>	<u>(31,104)</u>	<u>(15,216)</u>
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Period	<u>49,314</u>	<u>80,418</u>	<u>95,634</u>
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Period	<u>\$ 31,589</u>	<u>\$ 49,314</u>	<u>\$ 80,418</u>
Balance Sheet Classifications:			
Cash and cash equivalents	\$ 26,335	\$ 38,208	\$ 69,767
Restricted cash and cash equivalents	<u>5,254</u>	<u>11,106</u>	<u>10,651</u>
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	<u>\$ 31,589</u>	<u>\$ 49,314</u>	<u>\$ 80,418</u>

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

	Year Ended December 31,		
	2016	2015	2014
<i>(in thousands)</i>			
Supplemental Information:			
Cash payments for interest	\$ 4,528	\$ 2,965	\$ 2,242
Cash payments for income taxes	27,668	29,183	36,642
Non-cash financing and investing activities include:			
Buildings, personal property, and obligations recorded under capital lease agreements	—	—	39,032

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

Section B, Economic Feasibility – C
Historical & Data Charts w/Assumptions

HISTORICAL DATA CHART

☒ Total Facility
☐ Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2014	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure) Patient Days	34,919	34,419	33,977
% Occupancy (160 Licensed Beds)	95.67%	94.30%	92.83%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 23,833,911	\$ 23,770,693	\$ 22,076,133
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue	650,925	633,206	604,721
(Specify) See Attached Schedules _____			
Gross Operating Revenue	\$ 24,484,836	\$ 24,403,899	\$ 22,680,854
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ (8,470,201)	\$ (7,736,699)	\$ (6,690,813)
2. Provision for Charity Care			
3. Provisions for Bad Debt	(23,179)	(53,876)	(77,830)
Total Deductions	\$ (8,493,380)	\$ (7,790,575)	\$ (6,768,643)
NET OPERATING REVENUE	\$ 15,991,456	\$ 16,613,324	\$ 15,912,211
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$ 3,059,572	\$ 3,154,338	\$ 3,107,848
b. Non-Patient Care	1,813,301	1,838,560	1,924,303
2. Physician's Salaries and Wages (Medical Services)	527,844	513,980	526,554
3. Supplies	126,546	140,342	150,322
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
5. Management Fees:			
a. Fees to Affiliates	479,744	498,400	477,366
a. Fees to Non-Affiliates			
6. Other Expenses (Specify)	9,703,198	9,065,330	8,617,519
Total Operating Expenses	\$ 15,710,205	\$ 15,210,950	\$ 14,803,912
E. Earnings Before Interest, Taxes and Depreciation	\$ 281,251	\$ 1,402,374	\$ 1,108,299
F. Non-Operating Expenses			
1. Taxes	\$ 79,005	\$ 78,664	\$ 78,231
2. Depreciation	898,674	929,460	972,680
3. Interest	1,097	3	94
6. Other Non-Operating Expenses			
Total Non-Operating Expenses	\$ 978,776	\$ 1,008,127	\$ 1,051,005
NET INCOME (LOSS)	\$ (697,525)	\$ 394,247	\$ 57,294

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ (697,525)	\$ 394,247	\$ 57,294
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ -	\$ -	\$ -
2. Annual Capital Expenditure	213,333	443,510	333,479
Total Other Deductions	\$ 213,333	\$ 443,510	\$ 333,479
NET BALANCE	\$ (910,858)	\$ (49,263)	\$ (276,185)
DEPRECIATION	\$ 898,674	\$ 929,460	\$ 972,680
FREE CASH FLOW (Net Balance + Depreciation)	\$ (12,184)	\$ 880,197	\$ 696,495

☒ Total Facility
☐ Project Only

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Professional Services Contract	\$ -	\$ -	\$ -
2. Contract Labor			
3. Imaging Interpretation Fees			
4.			
5.			
6.			
7. See attached schedules detailing other expenses by department	9,703,198	9,065,330	8,617,519
TOTAL OTHER EXPENSES	\$ 9,703,198	\$ 9,065,330	\$ 8,617,519

HISTORICAL DATA CHART

☒ Total Facility☐ Project Only

Give information for the last three (3) years for which complete data are available for or agency. The fiscal year begins in January (Month).

	Year 2014	Year 2015	Year 2016
4. Other Operating Revenue			
Cafeteria Sales	182,795	175,806	182,186
Physicians Visits	464,802	455,833	419,152
Loss on Disposal of Asset		(1,955)	
Misc Revenue	98	-	(800)
Interest	3,230	3,522	4,183
	<u>650,925</u>	<u>633,206</u>	<u>604,721</u>

HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2014				2015			
	Salaries		Other	Total	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care			Direct Patient Care	Non-Patient Care		
Nursing	\$ 2,981,960		\$ 914,502	\$ 3,896,462	\$ 3,080,168		\$ 902,864	\$ 3,983,032
Social Services		374,858	72,700	447,558		395,676	69,735	465,411
Activities		74,492	31,657	106,149		75,918	32,082	108,000
Dietary		443,318	503,143	946,461		438,447	512,092	950,539
Plant Operations		62,113	384,481	446,594		41,874	389,832	431,706
Housekeeping		184,173	76,039	260,212		191,005	76,862	267,867
Laundry		98,352	21,199	119,551		89,041	39,711	128,752
Medical Records		225,840	120,552	346,392		200,220	155,259	355,479
Administrative & General		350,155	1,930,710	2,280,865		406,379	1,267,607	1,673,986
State License Fee			158,380	158,380			94,270	94,270
Insurance			24,113	24,113			22,573	22,573
IV Therapy			8,325	8,325			9,149	9,149
Pharmacy			1,704,176	1,704,176			1,719,736	1,719,736
Occupational Therapy	36,136		1,583,270	1,619,406	36,570		1,571,011	1,607,581
Speech Therapy			184,049	184,049			228,805	228,805
Inhalation Therapy			28,681	28,681			32,875	32,875
Physical Therapy	41,476		1,846,080	1,887,556	37,600		1,832,174	1,869,774
Transportation			6,348	6,348			636	636
Laboratory			42,940	42,940			40,399	40,399
X-Ray			37,752	37,752			40,344	40,344
Beauty and Barber			24,101	24,101			27,314	27,314
Miscellaneous								
TOTAL	\$ 3,059,572	\$ 1,813,301	\$ 9,703,198	\$ 14,576,071	\$ 3,154,338	\$ 1,838,560	\$ 9,065,330	\$ 14,058,228

HISTORICAL DATA CHART SUPPLEMENT ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2016			
	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Nursing	\$3,038,234		\$ 917,939	\$ 3,956,173
Social Services		402,755	68,633	471,388
Activities		68,854	34,851	103,705
Dietary		451,491	504,620	956,111
Plant Operations		64,907	402,136	467,043
Housekeeping		184,571	76,228	260,799
Laundry		87,834	36,751	124,585
Medical Records		246,036	124,587	370,623
Administrative & General		417,855	1,000,242	1,418,097
State License Fee			94,090	94,090
Insurance			21,027	21,027
IV Therapy			33,713	33,713
Pharmacy			1,659,201	1,659,201
Occupational Therapy	38,739		1,487,025	1,525,764
Speech Therapy			247,665	247,665
Inhalation Therapy			38,950	38,950
Physical Therapy	30,875		1,752,258	1,783,133
Transportation			6,520	6,520
Laboratory			40,159	40,159
X-Ray			44,459	44,459
Beauty and Barber			26,465	26,465
Miscellaneous				
TOTAL	<u>\$3,107,848</u>	<u>\$1,924,303</u>	<u>\$8,617,519</u>	<u>\$13,649,670</u>

Section B, Economic Feasibility – D

Projected Data Chart

PROJECTED DATA CHART

☐ Total Facility
☒ Project Only

Give information for the two (2) years following completion of this proposal. The fiscal year begins in _____ (Month).

	Year Dec-19	Year Dec-20
A. Utilization Data (Specify unit of measure) (Patient Days)	1,881	2,017
(% Occupancy)	85.89%	91.85%
B. Revenue from Services to Patients		
1. Inpatient Services	\$1,209,312	\$1,348,605
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify) Cafeteria Sales	10,762	12,002
Gross Operating Revenue \$	1,220,074	\$ 1,360,607
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ (344,483)	\$ (402,696)
2. Provision for Charity Care		
3. Provisions for Bad Debt	(4,324)	(4,730)
Total Deductions \$	(348,807)	\$ (407,426)
NET OPERATING REVENUE	\$ 871,267	\$ 953,181
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$ 208,674	\$ 213,018
b. Non-Patient Care	-	\$ -
2. Physician's Salaries and Wages	4,251	4,378
3. Supplies	9,259	10,227
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Fees to Affiliates	33,944	37,694
a. Fees to Non-Affiliates		
6. Other Expenses (Specify)	517,959	545,375
Total Operating Expenses \$	774,087	\$ 810,692
E. Earnings Befor Interest, Taxes and Depreciation	\$ 97,180	\$ 142,489
F. Non-Operating Expenses		
1. Taxes	\$ -	\$ -
2. Depreciation	6,746	6,746
3. Interest		
6. Other Non-Operating Expenses		
Total Non-Operating Expenses \$	6,746	\$ 6,746
NET INCOME (LOSS)	\$ 90,434	\$ 135,743

Chart Continues Onto Next Page

December 21, 2017

12:21 pm

NET INCOME (LOSS)	\$ 90,434	\$ 135,743
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ -	\$ -
2. Annual Capital Expenditure	6,000	6,000
Total Other Deductions	\$ 6,000	\$ 6,000
NET BALANCE	\$ 84,434	\$ 129,743
DEPRECIATION	\$ 6,746	\$ 6,746
FREE CASH FLOW (Net Balance + Depreciation)	\$ 91,180	\$ 136,489

☐ Total Facility

☒ Project Only

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year Dec-19	Year Dec-20
1. Professional Services Contract	\$ -	\$ -
2. Contract Labor		
3. Imaging Intrepretation Fees		
4. _____		
5. _____		
6. _____		
7. See attached schedules detailing other expenses by departr	517,959	545,375
TOTAL OTHER EXPENSES	\$ 517,959	\$ 545,375

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 1

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy			\$ 2,455	\$ 2,455
Occupational Therapy			129,214	129,214
Physical Therapy			129,434	129,434
Speech Pathology			100	100
Pharmacy			110,115	110,115
Lab and Radiology			7,084	7,084
IV Therapy			2,455	2,455
Nursing Service	208,674		58,652	267,326
Social Service	-		1,517	1,517
Activities	-		1,457	1,457
Dietary	-		23,548	23,548
Plant Operations		-	6,277	6,277
Housekeeping		-	3,412	3,412
Laundry and Linen		-	1,197	1,197
Medical Records		-	5,787	5,787
Administrative and General		-	35,255	35,255
Totals	<u>\$ 208,674</u>	<u>\$ -</u>	<u>\$ 517,959</u>	<u>\$ 726,633</u>

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 2

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy			\$ 2,711	\$ 2,711
Occupational Therapy			132,473	132,473
Physical Therapy			132,715	132,715
Speech Pathology			110	110
Pharmacy			121,618	121,618
Lab and Radilology			7,824	7,824
IV Therapy			2,711	2,711
Nursing Service	\$ 213,018		61,054	274,072
Social Service	-		1,675	1,675
Activities	-		1,609	1,609
Dietary	-		26,008	26,008
Plant Operations		-	7,068	7,068
Housekeeping		-	3,769	3,769
Laundry and Linen		-	1,322	1,322
Medical Records		-	6,392	6,392
Adminstrative and General		-	36,316	36,316
Totals	<u>\$ 213,018</u>	<u>\$ -</u>	<u>\$ 545,375</u>	<u>\$ 758,393</u>

PROJECTED DATA CHART
Existing Facility

☐ Total Facility
☐ Project Only

Give information for the two (2) years following completion of this proposal. The fiscal year begins in December (Month).

	<u>Year Dec-19</u>	<u>Year Dec-20</u>
A. Utilization Data (Specify unit of measure) (Patient Days)	<u>33,884</u>	<u>33,977</u>
(% Occupancy)	<u>92.83%</u>	<u>92.83%</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>24,123,187</u>	<u>24,914,956</u>
2. Outpatient Services	<u></u>	<u></u>
3. Emergency Services	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u>660,795</u>	<u>682,484</u>
Gross Operating Revenue \$	<u>24,783,982</u>	<u>\$ 25,597,440</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>(7,437,535)</u>	<u>(7,681,649)</u>
2. Provision for Charity Care	<u></u>	<u></u>
3. Provisions for Bad Debt	<u>(85,047)</u>	<u>(87,838)</u>
Total Deductions \$	<u>(7,522,582)</u>	<u>\$ (7,769,487)</u>
NET OPERATING REVENUE	<u>\$ 17,261,400</u>	<u>\$ 17,827,953</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$ 3,396,029</u>	<u>\$ 3,507,492</u>
b. Non-Patient Care	<u>2,102,738</u>	<u>2,171,754</u>
2. Physician's Salaries and Wages	<u>575,380</u>	<u>594,265</u>
3. Supplies	<u>164,261</u>	<u>169,652</u>
4. Rent	<u></u>	<u></u>
a. Paid to Affiliates	<u></u>	<u></u>
b. Paid to Non-Affiliates	<u></u>	<u></u>
5. Management Fees:		
a. Fees to Affiliates	<u>517,842</u>	<u>534,839</u>
a. Fees to Non-Affiliates	<u></u>	<u></u>
6. Other Expenses (Specify)	<u>9,357,576</u>	<u>9,664,710</u>
Total Operating Expenses \$	<u>16,113,826</u>	<u>\$ 16,642,712</u>
E. Earnings Befor Interest, Taxes and Depreciation	<u>\$ 1,147,574</u>	<u>\$ 1,185,241</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$ 85,485</u>	<u>\$ 88,291</u>
2. Depreciation	<u>972,680</u>	<u>972,680</u>
3. Interest	<u></u>	<u></u>
6. Other Non-Operating Expenses	<u></u>	<u></u>
Total Non-Operating Expenses \$	<u>1,058,165</u>	<u>\$ 1,060,971</u>
NET INCOME (LOSS)	<u>\$ 89,409</u>	<u>\$ 124,270</u>

Chart Continues Onto Next Page

December 21, 2017**12:21 pm**

NET INCOME (LOSS)	\$ 89,409	\$ 124,270
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ -	\$ -
2. Annual Capital Expenditure	100,000	100,000
Total Other Deductions	\$ 100,000	\$ 100,000
NET BALANCE	\$ (10,591)	\$ 24,270
DEPRECIATION	\$ 972,680	\$ 972,680
FREE CASH FLOW (Net Balance + Depreciation)	\$ 962,089	\$ 996,950

Existing Facility

☐ Total Facility☐ Project Only**PROJECTED DATA CHART - OTHER EXPENSES**

OTHER EXPENSES CATEGORIES	Year Dec-19	Year Dec-20
1. Professional Services Contract	\$ -	\$ -
2. Contract Labor		
3. Imaging Interpretation Fees		
4. _____		
5. _____		
6. _____		
7. See attached schedules detailing other expenses by departr	9,357,576	9,664,710
TOTAL OTHER EXPENSES	\$ 9,357,576	\$ 9,664,710

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA YEAR 1 Existing Facility				
	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-		\$ 42,562	\$ 42,562
Occupational Therapy	42,331		1,624,912	1,667,243
Physical Therapy	33,738		1,914,740	1,948,478
Speech Pathology	-		270,630	270,630
Pharmacy	-		1,813,054	1,813,054
Lab and Radiology	-		92,464	92,464
IV Therapy	-		36,839	36,839
Nursing Service	3,319,960		1,003,057	4,323,017
Social Service		440,101	74,997	515,098
Activities		75,239	38,083	113,322
Dietary		493,356	551,412	1,044,768
Plant Operations		70,926	439,425	510,351
Housekeeping		201,686	83,296	284,982
Laundry and Linen		95,979	40,159	136,138
Medical Records		268,850	136,140	404,990
Administrative and General		456,601	1,195,806	1,652,407
Totals	<u>\$ 3,396,029</u>	<u>\$ 2,102,738</u>	<u>\$ 9,357,576</u>	<u>\$ 14,856,343</u>

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 2 Existing Facility

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	43,959	\$ 43,959
Occupational Therapy	43,720	-	1,678,245	1,721,965
Physical Therapy	34,845	-	1,977,585	2,012,430
Speech Pathology	-	-	279,513	279,513
Pharmacy	-	-	1,872,562	1,872,562
Lab and Radiology	-	-	95,499	95,499
IV Therapy	-	-	38,048	38,048
Nursing Service	3,428,927	-	1,035,979	4,464,906
Social Service	-	454,546	77,459	532,005
Activities	-	77,708	39,333	117,041
Dietary	-	509,549	569,510	1,079,059
Plant Operations	-	73,254	453,848	527,102
Housekeeping	-	208,306	86,030	294,336
Laundry and Linen	-	99,129	41,477	140,606
Medical Records	-	277,674	140,608	418,282
Administrative and General	-	471,588	1,235,055	1,706,643
Totals	<u>\$ 3,507,492</u>	<u>\$ 2,171,754</u>	<u>\$ 9,664,710</u>	<u>\$ 15,343,956</u>

PROJECTED DATA CHART
Existing Facility plus Bed Addition

<input checked="" type="checkbox"/>	Total Facility
<input type="checkbox"/>	Project Only

Give information for the two (2) years following completion of this proposal. The fiscal year begins in December (Month).

	<u>Year Dec-19</u>	<u>Year Dec-20</u>
A. Utilization Data (Specify unit of measure) (Patient Days)	<u>35,765</u>	<u>35,994</u>
(% Occupancy)	<u>92.44%</u>	<u>92.78%</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>25,332,499</u>	<u>26,263,561</u>
2. Outpatient Services	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify)	<u>671,557</u>	<u>694,486</u>
Gross Operating Revenue \$	<u>26,004,056</u>	<u>\$ 26,958,047</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>(7,782,018)</u>	<u>(8,084,345)</u>
2. Provision for Charity Care	<u>-</u>	<u>-</u>
3. Provisions for Bad Debt	<u>(89,371)</u>	<u>(92,568)</u>
Total Deductions \$	<u>(7,871,389)</u>	<u>\$ (8,176,913)</u>
NET OPERATING REVENUE	<u>\$ 18,132,668</u>	<u>\$ 18,781,134</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>3,604,703</u>	<u>3,720,510</u>
b. Non-Patient Care	<u>2,102,738</u>	<u>2,171,754</u>
2. Physician's Salaries and Wages	<u>579,631</u>	<u>598,643</u>
3. Supplies	<u>173,520</u>	<u>179,879</u>
4. Rent	<u> </u>	<u> </u>
a. Paid to Affiliates	<u> </u>	<u> </u>
b. Paid to Non-Affiliates	<u>-</u>	<u>-</u>
5. Management Fees:		
a. Fees to Affiliates	<u>551,786</u>	<u>572,533</u>
a. Fees to Non-Affiliates	<u> </u>	<u> </u>
6. Other Expenses (Specify)	<u>9,875,535</u>	<u>10,210,085</u>
Total Operating Expenses \$	<u>16,887,913</u>	<u>\$ 17,453,404</u>
E. Earnings Befor Interest, Taxes and Depreciation	<u>\$ 1,244,755</u>	<u>\$ 1,327,730</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$ 85,485</u>	<u>\$ 88,291</u>
2. Depreciation	<u>979,426</u>	<u>979,426</u>
3. Interest	<u> </u>	<u> </u>
6. Other Non-Operating Expenses	<u> </u>	<u> </u>
Total Non-Operating Expenses \$	<u>1,064,911</u>	<u>\$ 1,067,717</u>
NET INCOME (LOSS)	<u>\$ 179,844</u>	<u>\$ 260,013</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$ 179,844	\$ 260,013
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ -	\$ -
2. Annual Capital Expenditure	106,000	106,000
Total Other Deductions	\$ 106,000	\$ 106,000
NET BALANCE	\$ 73,844	\$ 154,013
DEPRECIATION	\$ 979,426	\$ 979,426
FREE CASH FLOW (Net Balance + Depreciation)	\$ 1,053,270	\$ 1,133,439

Existing Facility plus Bed Addition

☒ Total Facility☐ Project Only

PROJECTED DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year Dec-19	Year Dec-20
1. Professional Services Contract	\$ -	\$ -
2. Contract Labor		
3. Imaging Interpretation Fees		
4. _____		
5. _____		
6. _____		
7. See attached schedules detailing other expenses by depart	9,875,535	10,210,085
TOTAL OTHER EXPENSES	\$ 9,875,535	\$ 10,210,085

PROJECTED DATA CHART SUPPLEMENT

YEAR 1 PROJECTED DATA
100 Existing Beds plus 6 Bed Addition

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	45,017	45,017
Occupational Therapy	42,331	-	1,754,126	1,796,457
Physical Therapy	33,738	-	2,044,174	2,077,912
Speech Pathology	-	-	270,730	270,730
Pharmacy	-	-	1,923,169	1,923,169
Lab and Radiology	-	-	99,548	99,548
IV Therapy	-	-	39,294	39,294
Nursing Service	3,528,634	-	1,061,709	4,590,343
Social Service	-	440,101	76,514	516,615
Activities	-	75,239	39,540	114,779
Dietary	-	493,356	574,960	1,068,316
Plant Operations	-	70,926	445,702	516,628
Housekeeping	-	201,686	86,708	288,394
Laundry and Linen	-	95,979	41,356	137,335
Medical Records	-	268,850	141,927	410,777
Administrative and General	-	456,601	1,231,061	1,687,662
Totals	<u>\$ 3,604,703</u>	<u>\$ 2,102,738</u>	<u>\$ 9,875,535</u>	<u>\$ 15,582,976</u>

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
 YEAR 2 100 Existing Beds plus 6 Bed Addition

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	46,670	46,670
Occupational Therapy	43,720	-	1,810,718	1,854,438
Physical Therapy	34,845	-	2,110,300	2,145,145
Speech Pathology	-	-	279,623	279,623
Pharmacy	-	-	1,994,180	1,994,180
Lab and Radilology	-	-	103,323	103,323
IV Therapy	-	-	40,759	40,759
Nursing Service	3,641,945	-	1,097,033	4,738,978
Social Service	-	454,546	79,134	533,680
Activities	-	77,708	40,942	118,650
Dietary	-	509,549	595,518	1,105,067
Plant Operations	-	73,254	460,916	534,170
Housekeeping	-	208,306	89,799	298,105
Laundry and Linen	-	99,129	42,799	141,928
Medical Records	-	277,674	147,000	424,674
Adminstrative and General	-	471,588	1,271,371	1,742,959
Totals	<u>\$3,720,510</u>	<u>\$2,171,754</u>	<u>\$10,210,085</u>	<u>\$16,102,349</u>

Section B, Economic Feasibility – E 3

Proposed Charges

Knox County 2019 Nursing Home Rates

NURSING HOMES		2016 Inflated Rates					
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt Level I
			Level II	Level I	Level II	Level I	
1	Beverly Park Place Health and Rehab	\$443.91	\$191.72	\$213.40	\$225.95	N/A	N/A
2	Fort Sanders TCU	\$1,551.99	N/A	N/A	\$1,618.17	N/A	N/A
3	Holston Health & Rehabilitation Center	\$499.83	\$227.09	\$194.00	\$284.15	N/A	N/A
4	Island Home Park Health and Rehab	\$406.26	\$208.83	\$232.80	N/A	\$224.81	N/A
5	Kindred Nursing and Rehabilitation - Northaven	\$441.63	\$179.16	\$175.74	\$319.53	N/A	N/A
6	Little Creek Sanitarium	N/A	N/A	N/A	N/A	\$251.06	\$233.94
7	NHC HealthCare, Farragut	\$522.65	N/A	N/A	\$294.42	N/A	N/A
8	NHC HealthCare, Fort Sanders	\$499.83	\$241.93	\$208.83	\$342.35	\$267.03	\$256.76
9	NHC HealthCare, Knoxville	\$482.71	\$241.93	\$215.68	\$308.11	\$272.74	\$263.61
10	Serene Manor Medical Center	N/A	N/A	\$179.16	N/A	\$214.54	\$214.54
11	Shannondale Health Care Center	\$486.14	\$208.83	\$208.83	\$259.04	\$256.76	N/A
12	Summit View of Farragut	\$228.23	\$228.23	\$199.70	\$273.88	\$245.35	\$199.70
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	N/A	N/A	N/A	N/A
14	WellPark at Shannondale	\$488.42	N/A	N/A	\$405.11	N/A	N/A
15	West Hills Health and Rehab	\$482.71	\$224.81	\$230.52	N/A	\$239.64	\$228.23
16	Westmoreland Health & Rehabilitation Center	\$503.25	\$207.69	\$198.56	N/A	\$251.06	\$228.23
Average Rates		\$541.35	\$216.02	\$205.20	\$433.07	\$247.00	\$232.15

Source: 2016 Joint Annual Report Schedule H - Financial Data - Daily Charge

Knox County 2020 Nursing Home Rates

NURSING HOMES		2016 Inflated Rates							
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt		
			Level II	Level I	Level II	Level I	Level II	Level I	
1	Beverly Park Place Health and Rehab	\$463.89	\$200.34	\$223.00	\$236.12	N/A	N/A	N/A	
2	Fort Sanders TCU	\$1,621.83	N/A	N/A	\$1,690.99	N/A	N/A	N/A	
3	Holston Health & Rehabilitation Center	\$522.32	\$237.31	\$202.73	\$296.94	N/A	\$267.12	N/A	
4	Island Home Park Health and Rehab	\$424.54	\$218.23	\$243.27	N/A	\$234.93	N/A	N/A	
5	Kindred Nursing and Rehabilitation - Northaven	\$461.50	\$187.23	\$183.65	\$333.91	N/A	\$333.91	N/A	
6	Little Creek Sanitarium	N/A	N/A	N/A	N/A	\$262.35	N/A	\$244.47	
7	NHC HealthCare, Farragut	\$546.17	N/A	N/A	\$307.67	N/A	\$274.28	N/A	
8	NHC HealthCare, Fort Sanders	\$522.32	\$252.81	\$218.23	\$357.76	\$279.05	\$282.63	\$268.32	
9	NHC HealthCare, Knoxville	\$504.44	\$252.81	\$225.39	\$321.98	\$285.01	\$304.09	\$275.47	
10	Serene Manor Medical Center	N/A	N/A	\$187.23	N/A	\$224.19	\$224.19	\$224.19	
11	Shannondale Health Care Center	\$508.01	\$218.23	\$218.23	\$270.70	\$268.32	N/A	N/A	
12	Summit View of Farragut	\$238.50	\$238.50	\$208.69	\$286.20	\$256.39	\$238.50	\$208.69	
13	Tennova Healthcare-Physicians Regional Medical Center*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
14	WellPark at Shannondale	\$510.40	N/A	N/A	\$423.34	N/A	N/A	N/A	
15	West Hills Health and Rehab	\$504.44	\$234.93	\$240.89	N/A	\$250.43	N/A	\$238.50	
16	Westmoreland Health & Rehabilitation Center	\$525.90	\$217.04	\$207.50	N/A	\$262.35	N/A	\$238.50	
Average Rates		\$565.71	\$225.74	\$214.44	\$452.56	\$258.11	\$274.96	\$242.59	

Source: 2016 Joint Annual Report Schedule H - Financial Data - Daily Charge

Section B
Contribution of Orderly Development of Health Care – D2

**Documentation from the most Recent Survey and an
Approved Plan of Correction**



Department of
Health

November 20, 2017

Ms. Karla Lane, Administrator
NHC Healthcare, Farragut
120 Cavett Hill Lane
Knoxville TN 37922

Re: 44-5415

Dear Ms. Lane:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on October 23 - 25, 2017. A desk review of the facility's plan of correction for the deficiencies cited as a result of the survey/investigation was conducted on November 16, 2017. Based on the desk review, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of November 15, 2017.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

A handwritten signature in cursive script that reads "Tamra Turberville".

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT: afl

TN00042523



IMPORTANT NOTICE - PLEASE READ CAREFULLY

November 6, 2017

Ms. Karla Lane, Administrator
NHC Healthcare, Farragut
120 Cavett Hill Lane
Knoxville TN 37922

RE: 44-5415

Dear Ms. Lane:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey/complaint investigation on **October 23 - 25, 2017**. This letter to you is to serve as notice that as a result of the survey/investigation completed **October 25, 2017**, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **December 9, 2017** (45th day), our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

Mandatory Remedies

If you do not achieve substantial compliance by **January 25, 2018**, (3 months after the last day of the survey identifying noncompliance **October 25, 2017**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **April 25, 2018**, if substantial compliance is not achieved by that time.

Ms. Karla Lane, Administrator
November 6, 2017
Page 2

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

Plan of Correction (POC)

A POC for the deficiencies must be submitted by **November 16, 2017**. Failure to submit an acceptable POC by **November 16, 2017**, may result in the imposition of remedies by **December 9, 2017**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

INFORMAL DISPUTE RESOLUTION

You may request a Face to Face IDR for substandard level deficiencies, harm level deficiencies and immediate jeopardy level deficiencies. All other deficiencies will receive a desk review (telephone or written) by the Regional Office that cited the deficiency. These requests must be made within the same 10-calendar day period that you have for submitting an acceptable plan of correction and must contain additional justification as to why the deficiency(s) should not have been written for harm level deficiencies or other deficiencies that are not substandard or immediate jeopardy. Evidence to dispute the scope and severity levels may only be submitted for substandard or immediate jeopardy deficiencies. Additional information which must be submitted with your request for an IDR is limited to no more than ten (10) typed pages with a font size of no less than twelve (12). If the facility is requesting a desk review in addition to a face to face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter, or

Ms. Karla Lane, Administrator
November 6, 2017
Page 3

by telephone 865-594-9396 or fax number 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567 form and facility's plan of correction; a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; and proof supporting the facility's position disputing the deficiencies (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than twelve (12) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited immediate jeopardy or substandard deficiencies. Should the facility request a face-to-face IDR, then the facility shall also submit a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or immediate jeopardy deficiencies).

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely,

A handwritten signature in cursive script that reads "Tamra Turberville/off".

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT:afl

TN00042523

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

181

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-0397

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 10/25/2017
---	---	--	---

NAME OF PROVIDER OR SUPPLIER

NHC HEALTHCARE, FARRAGUT

STREET ADDRESS, CITY, STATE, ZIP CODE

120 CAVETT HILL LANE
KNOXVILLE, TN 37922

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	INITIAL COMMENTS	F 000		
F 279 SS=D	<p>An annual Recertification survey and investigation of complaint #42523 was conducted on 10/23/17 to 10/25/17 at NHC Healthcare, Farragut. Deficiencies were cited in relation to the complaint under 42 CFR Part 483, Requirements for Long Term Care Facilities.</p> <p>483.20(d);483.21(b)(1) DEVELOP COMPREHENSIVE CARE PLANS</p> <p>483.20 (d) Use. A facility must maintain all resident assessments completed within the previous 15 months in the resident's active record and use the results of the assessments to develop, review and revise the resident's comprehensive care plan.</p> <p>483.21 (b) Comprehensive Care Plans</p> <p>(1) The facility must develop and implement a comprehensive person-centered care plan for each resident, consistent with the resident rights set forth at §483.10(c)(2) and §483.10(c)(3), that includes measurable objectives and timeframes to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment. The comprehensive care plan must describe the following -</p> <p>(i) The services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under §483.24, §483.25 or §483.40; and</p> <p>(ii) Any services that would otherwise be required</p>	F 279		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

[Signature]

Administrator

11/10/17

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/25/2017
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, FARRAGUT			STREET ADDRESS, CITY, STATE, ZIP CODE 120 CAVETT HILL LANE KNOXVILLE, TN 37922		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 279	<p>Continued From page 1</p> <p>under §483.24, §483.25 or §483.40 but are not provided due to the resident's exercise of rights under §483.10, including the right to refuse treatment under §483.10(c)(6).</p> <p>(iii) Any specialized services or specialized rehabilitative services the nursing facility will provide as a result of PASARR recommendations. If a facility disagrees with the findings of the PASARR, it must indicate its rationale in the resident's medical record.</p> <p>(iv) In consultation with the resident and the resident's representative (s)-</p> <p>(A) The resident's goals for admission and desired outcomes.</p> <p>(B) The resident's preference and potential for future discharge. Facilities must document whether the resident's desire to return to the community was assessed and any referrals to local contact agencies and/or other appropriate entities, for this purpose.</p> <p>(C) Discharge plans in the comprehensive care plan, as appropriate, in accordance with the requirements set forth in paragraph (c) of this section.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on medical record review and interview, the facility failed to develop a comprehensive care plan for 1 resident (#366) of 3 residents reviewed for accidents, of 23 sampled residents.</p> <p>The findings included:</p> <p>Medical record review revealed Resident #366</p>	F 279	<p>Based on medical record review and interview, the facility failed to develop a comprehensive care plan for 1 resident (#366) of 3 residents reviewed for accidents, of 23 sampled residents.</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-0397

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 10/25/2017
---	---	--	---

NAME OF PROVIDER OR SUPPLIER

NHC HEALTHCARE, FARRAGUT

STREET ADDRESS, CITY, STATE, ZIP CODE

120 CAVETT HILL LANE
KNOXVILLE, TN 37922

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 279	<p>Continued From page 2</p> <p>was admitted to the facility on 8/10/17, with diagnoses including Unspecified Fracture of the Third Lumbar Vertebra, History of Falling, Spinal Stenosis, Radiculopathy Lumbar Region, Congestive Heart Failure, Hypertensive Heart Disease, and Long Term Use of Antiplatelets/Antithrombotics.</p> <p>Medical record review of the Minimum Data Set (MDS) 5 Day Scheduled Assessment dated 8/17/17, revealed Resident #366 required extensive assistance with activities of daily living (ADLs) and 2 person physical assist for transfers.</p> <p>Medical record review of Resident #366's Completed Care Plan dated 8/30/17, revealed, "...Safety/Potential for falls...Goal...desires to be safe and will have no falls...inability to perform all ADL tasks without staff assistance...assist with ADLs...limited in...functional transfers...assist patient with mobility/transfers..."</p> <p>Medical Record review of the MDS Unscheduled Assessment dated 9/12/17, revealed Resident #366 required extensive assistance with ADLs and 2 person physical assist for transfers.</p> <p>Medical record review of the Post Falls Assessment dated 9/30/17 at 10:00 PM, revealed, "...transfer from recliner to wheelchair and patient was facing recliner with wheelchair behind her when patients knees seemed to buckle. Patient's legs gave out and patient started going down...gently lower patient to knees on the floor..." Continued review revealed, "...immediate interventions...2 person assist for all transfers..."</p> <p>Medical Record review of the Daily Skilled Nursing Notes dated 9/30/17 at 10:00 PM,</p>	F 279		

F279 483.20(d);483.21(b)(1) Develop Comprehensive Care Plans

1. Corrective Actions Accomplished for the residents found to have been affected by the allegedly deficient practice:

An interdisciplinary team consisting of the DON, ADON, Fall Risk Manager, Physician and Director of Rehabilitation reviewed resident #366 care plan on 10/24/17. Additional safety intervention of 2 person assist w/ transfers was put into place.

2. How have we identified other residents having the potential to be affected by the same practice and what corrective action has been taken:

DON, ADON, HIM and Regional Nurse reviewed the care plans for all other residents in the center at risk for falls on October 24, 2017 with all interventions related to falls risk verified to be appropriate for the resident.

3. The measures we have put into place and systematic changes we have made to ensure that the practice does not reoccur:

Performance Improvement Project Team was initiated on November 2, 2017 to review and revise training for staff related to baseline and comprehensive care plan development to ensure effective person-centered care interventions. In-service training was conducted with: Clinical Nurse Coordinators, Risk Manager, MDS coordinators, admission nurses, and social workers on November 8 – 9, 2017 by DON and Director of Health Information/QAPI Coordinator. Training with additional staff involved in MDS assessment and care plan development will be completed by November 13, 2017.

4. How the corrective actions will be monitored to ensure the practice will not reoccur:

MDS coordinators will review chart documentation to support MDS assessment completion with decision-making review of triggered care area assessments (CAA) used in the development of a person-centered comprehensive care plan.

Beginning on November 16, 2017 the DON, ADON and/or risk manager nurse will review 5 residents' MDS assessments and their triggered care area assessments (CAAs) for evaluation of the care areas needing to be identified on the individualized comprehensive care plan weekly for four weeks. Findings will be reported to Quality Assurance Committee.

Completion Date: November 15, 2017

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/25/2017
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, FARRAGUT			STREET ADDRESS, CITY, STATE, ZIP CODE 120 CAVETT HILL LANE KNOXVILLE, TN 37922		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 279	Continued From page 3 revealed, "...fall/let down to floor...[no] injuries noted...new intervention to have assist [2 person] for all transfers..." Interview with Registered Nurse #1 on 10/24/17 at 3:55 PM, in the conference room, confirmed the MDS assessment was accurate and the resident required 2 persons for transfers. Interview with the Director of Nursing on 10/24/17 at 4:39 PM, in the conference room, confirmed, "...it [MDS] should match [the care plan]...we need to be able to follow the care plan..." Continued interview confirmed the facility failed to develop a comprehensive care plan that addressed the functional transfer needs for Resident #366, based on the comprehensive MDS assessment.	F 279			
F 323 SS=D	483.25(d)(1)(2)(n)(1)-(3) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES (d) Accidents. The facility must ensure that - (1) The resident environment remains as free from accident hazards as is possible; and (2) Each resident receives adequate supervision and assistance devices to prevent accidents. (n) - Bed Rails. The facility must attempt to use appropriate alternatives prior to installing a side or bed rail. If a bed or side rail is used, the facility must ensure correct installation, use, and maintenance of bed rails, including but not limited to the following elements. (1) Assess the resident for risk of entrapment	F 323			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-039

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/25/2017
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, FARRAGUT			STREET ADDRESS, CITY, STATE, ZIP CODE 120 CAVETT HILL LANE KNOXVILLE, TN 37922		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 323	<p>Continued From page 4 from bed rails prior to installation.</p> <p>(2) Review the risks and benefits of bed rails with the resident or resident representative and obtain informed consent prior to installation.</p> <p>(3) Ensure that the bed's dimensions are appropriate for the resident's size and weight. This REQUIREMENT is not met as evidenced by: Based on facility policy review, medical record review, and interview, the facility failed to ensure the safety of 1 resident (#366) of 3 residents reviewed for accidents.</p> <p>The findings included:</p> <p>Review of the Facility Policy "Falls" revised 7/14/17, revealed, "...Assessment and Recognition...As part of the initial assessment...identify individuals with history of falls and risk factors for subsequent falling...based on preceding assessment...identify pertinent interventions to try to prevent subsequent falls..."</p> <p>Medical record review revealed Resident #366 was admitted to the facility on 8/10/17 with diagnoses including Unspecified Fracture of the Third Lumbar Vertebra, History of Falling, Spinal Stenosis, Radiculopathy Lumbar Region, Diastolic Congestive Heart Failure, Hypertensive Heart Disease with Heart Failure, and Long Term Use of Antiplatelets/Antithrombotics.</p> <p>Medical record review of the Minimum Data Set (MDS) 5 Day Scheduled Assessment dated 8/17/17, revealed Resident #366 required extensive assistance with activities of daily living</p>	F 323			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

187

PRINTED: 11/03/2017
FORM APPROVAL
OMB NO. 0938-0397

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/25/2017
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, FARRAGUT			STREET ADDRESS, CITY, STATE, ZIP CODE 120 CAVETT HILL LANE KNOXVILLE, TN 37922		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	<p>Continued From page 5</p> <p>(ADLs) and 2 person physical assist for transfers.</p> <p>Medical record review of Resident #366's Completed Care Plan dated 8/30/17, revealed no documentation the resident required 2 person physical assist with transfers.</p> <p>Medical record review of the MDS 30 Day Scheduled Assessment dated 9/5/17 revealed a Brief Interview for Mental Status (BIMS) score of 13, meaning the resident was cognitively intact. Continued review revealed Resident #366 required extensive assistance with ADLs and 2 person physical assist for transfers.</p> <p>Medical Record review of the MDS Unscheduled Assessment dated 9/12/17 revealed Resident #366 required 2 person physical assist for transfers.</p> <p>Medical record review of the Post Falls Assessment dated 9/30/17 at 10:00 PM, revealed, "...transfer from recliner to wheelchair and patient was facing recliner with wheelchair behind her when patients knees seemed to buckle. Patient's legs gave out and patient started going down...gently lower patient to knees on the floor..." Continued review revealed, "...immediate interventions...2 person assist for all transfers..." Further review revealed one staff person was present to assist during the transfer.</p> <p>Medical Record review of the Daily Skilled Nursing Notes dated 9/30/17 at 10:00 PM, revealed, "...fall/let down to floor...[no] injuries noted...new intervention to have assist [times 2] for all transfers..."</p> <p>Interview with Registered Nurse #1 on 10/24/17</p>	F 323			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 11/03/2017
FORM APPROVED
OMB NO. 0938-0397

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/25/2017
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, FARRAGUT			STREET ADDRESS, CITY, STATE, ZIP CODE 120 CAVETT HILL LANE KNOXVILLE, TN 37922		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 323	Continued From page 6 at 3:55 PM, in the conference room, confirmed the MDS assessment was accurate and the resident was assessed as requiring 2 persons for transfers. Interview with the Director of Nursing on 10/24/17 at 4:39 PM, in the conference room confirmed, the failed to provide a safe transfer for Resident #366 as indicated by the resident's comprehensive assessment.	F 323			

F323 483.25(d)(1)(2)(n)(1)-(3). Free of accident hazards/supervision/devices.

1. Corrective Actions Accomplished for the residents found to have been affected by the allegedly deficient practice:

An interdisciplinary team consisting of the DON, ADON, Fall Risk Manager, Physician and Director of Rehabilitation reviewed resident #366 care plan on 10/24/17. Additional safety intervention of 2 person assist with transfers was put into place.

2. How have we identified other residents having the potential to be affected by the same practice and what corrective action has been taken:

DON, ADON, HIM and Regional Nurse reviewed the care plans for all other residents in the center at risk for falls on October 24, 2017 with all interventions related to falls risk verified to be appropriate for the resident.

3. The measures we have put into place and systematic changes we have made to ensure that the practice does not reoccur:

The administrator, DON, ADON, and nursing supervisions conducted training for all nursing partners on November 10 – 15, 2017 related to 1)staff's role in ensuring safety interventions are in place, 2)appropriate use of nursing judgement when additional supervision is necessary for resident transfers, 3) emphasis was placed on the inclusion of appropriate interventions related to fall risk and the importance of care plan updating 4) promote understanding of the communication process necessary to ensure residents have appropriate level of care planned and provided by utilizing the IMAR electronic tool. All staff training completed by November 15, 2017. Any partner unavailable or on leave will be in-serviced prior to their next shift worked.

4. How the corrective actions will be monitored to ensure the practice will not reoccur:

Beginning on November 16, 2017 the DON, ADON and/or designee nurse supervisor will review all care plans for 5 residents' charts for documentation of patients' comprehensive assessment, care plan, interventions, electronic tool for staff communication of safety measures which will include interview and observation of appropriate staff performance of safety measures weekly for four weeks. Findings will be reported to Quality Assurance Committee.

Completion date: November 15, 2017

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4716	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 10/25/2017
---	---	--	---

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

NHC HEALTHCARE, FARRAGUT

120 CAVETT HILL LANE

KNOXVILLE, TN 37922

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies An annual Licensure survey and investigation of complaint # 42523 was conducted on 10/23/17 to 10/25/17 at NHC Healthcare, Farragut. No health deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6899

1WES11

If continuation sheet 1 of

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

191

PRINTED: 10/26/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445415	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 10/23/2017
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NAME OF PROVIDER OR SUPPLIER

NHC HEALTHCARE, FARRAGUT

STREET ADDRESS, CITY, STATE, ZIP CODE

120 CAVETT HILL LANE
KNOXVILLE, TN 37922

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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K 000 INITIAL COMMENTS

K 000

A life safety code federal monitoring survey was conducted by the state of Tennessee department of health licensure and regulation office of health care facilities survey on 10/23/17. During this federal monitoring survey, NHC Healthcare Farragut was in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), life safety from fire, and the related National Fire Protection Association (NFPA) standard 101 - 2012 edition

K9999 FINAL OBSERVATIONS

K9999

During the Life Safety portion of the annual survey conducted on 10/23/17, no deficiencies were cited under 42 CFR Part 483, Requirements for Long Term Care.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

[Signature]

Administrator

11/10/17

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

192

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4716	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 10/23/2017
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

NHC HEALTHCARE, FARRAGUT

120 CAVETT HILL LANE
KNOXVILLE, TN 37922

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies During the Life Safety portion of the annual licensure survey conducted on 10/23/17, no deficiencies were cited under 1200-08-06, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

5899

1WES21

If continuation sheet 1 of 1

Attachment – Proof of Publication

Attn:

To: NHC CITY CENTER

(Advertising) NOTIFICATION OF INTENT TO APPLY FOR (Ref No: 1848346)

P.O.#:

PUBLISHER'S AFFIDAVIT

State of Tennessee }
County of Knox } S.S.

Before me, the undersigned, a Notary Public in and for said county, this day personally came Natalie Zollar first duly sworn, according to law, says that he/she is a duly authorized representative of *The Knoxville News-Sentinel*, a daily newspaper published at Knoxville, in said county and state, and that the advertisement of:

(The Above-Referenced)

of which the annexed is a copy, was published in said paper on the following date(s):

12/08/2017

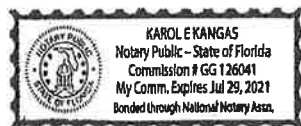
and that the statement of account herewith is correct to the best of his/her knowledge, information, and belief.

Natalii Lollar

Subscribed and sworn to before me this December 11, 2017

Karol E Kangas
Notary Public

My commission expires _____ 20____



Notice Of Foreclosure

bidder for cash, at public outcry, the property which is described in Exhibit A to the Deed of Trust, and being the same property conveyed to Industrial Fabrication & Repair, Inc. by deed of record in Instrument No. 201304180068374 (the "Property").

This document is intended to provide notice of any taxing authority by reason of any tax liens, plus any and all other matters and encumbrances superior in right to the lien of the Deed of Trust.

This 24th day of November, 2017, Charles S. Sanger, as Trustee, and not otherwise
1600 Division Street, Suite 700

Visit us online at www.localfeds.com

Miscellaneous Notice**RETAIL LIQUOR LICENSE NOTICE**

Take notice that Loudon Package, LLC 403 Grove Street Loudon, Tennessee 37774 has applied to the City of Loudon for a "Certificate of Compliance", and has or will apply to the Tennessee Alcoholic Beverage Commission (ABC) at Nashville, Tennessee for a Retail Liquor License for a store to be named The Grove Wine & Spirits, and to be located at 403 Grove Street, Loudon, Tennessee 37774 and owned by Loudon Package, LLC 403 Grove Street Loudon, TN 37774. Kevin Byrd, Member and Amir Boghani, Managing Member.

All persons wishing to be heard on the "Certificate of Compliance" may personally or through counsel appear or submit their views in writing to: The Loudon City Council on December 18th, 2017 at 6:30 PM in the Council Meeting Room, 201 Alma Place, Loudon, Tennessee 37774.

The ABC will consider the application at a date to be set by the ABC in Nashville, Tennessee. Interested person(s) may personally or through counsel submit their views in writing by the hearing date to be scheduled by the ABC. Anyone with questions concerning this application or the laws relating to it may call or write the Alcoholic Beverage Commission at 4420 Whittle Springs Rd, Suite A, Knoxville, TN 37917 or call (865)594-6342.

Notice Of Foreclosure

Nashville, TN 37203
(615) 744-2587
BRADLEY ARANT BOULT CUMMINGS, LLP

By: Emily H. Bowman, Attorney for Trustee
INSERTION DATES: November 24, 2017, December 1, 2017 and December 8, 2017
County Bldg.

Street Closures
GARY KOONTZ - Request closure of Rickard Drive between southwest corner of parcel 081AA006 and intersection with Hero Rd. City Block 41540-41530 Council District 5, Northwest City Sector.

GARY KOONTZ - Request closure of Hero Road between intersection with Rickard Dr and northern terminus. City Block 41540-41553 Council District 5, Northwest City Sector.

SITE INC. - Request closure of portion of Piney Grove Church Rd between 17.6 feet southwest of intersection of centerline of Helmbolt Rd. and northwest right-of-way of Piney Grove Church Rd. and 119.6 feet northeast

Miscellaneous Notice**Public Notices**

of intersection of centerline of Helmbolt Rd. and northwest right-of-way of Piney Grove Church Rd. City Block 46904 46904 Council District 3,

Plan Amendments
ROBERT A. MAPLES - Southeast side Three Points Rd., southwest of Mascol Rd, Northeast County Sector Plan
bered project. All persons wishing to file claims pursuant to Section 54-5-122, T.C.A. must file same with the Director of Construction, Tennessee Department of Transportation, Suite 700 James K. Polk Bldg., Nashville, Tennessee 37243-0326, on or before 01/19/18.

Public Notices

West City Sector.
Uses on Review
HARRISWHITE PROPERTIES - Southwest side of Bridgewater Rd., north side of 140/175 Proposed use: Amend the previously granted Use on Review condition #2. (3-1-15-UR / 3-12-2015) in PC-1 (Retail and Office Park) District. This is a Use on Review Project. All persons wishing to file claims pursuant to Section 54-5-122, T.C.A. must file same with the Director of Construction, Tennessee Department of Transportation, Suite 700 James K. Polk Bldg., Nashville, Tennessee 37243-0326, on or before 01/19/18.

Public Notices**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

NHC HealthCare, Farragut
(Name of Applicant)

Nursing Home
(Facility Type-Existing)

owned by, NHC HealthCare/Farragut, LLC with an ownership type of Limited Liability Company and to be managed by: NHC HealthCare/Farragut, LLC intends to file an application for a Certificate of Need for: the addition of six (6) new Medicare certified SNF nursing home beds to the existing 100 bed nursing home called NHC HealthCare, Farragut, located at 120 Cavett Hill Ln, Farragut (Knox Co.) TN 37934. NHC HealthCare, Farragut is certified for Medicare participation. The estimated project costs is \$140,000.

The anticipated date of filing the application is:
December 12, 2017

The contact person for this project is Bruce K. Duncan, Assistant Vice President who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor Murfreesboro, Tennessee 37130 615-880-2070

Upon written request by interested parties, a fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
500 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Attachment – Letters of Support

Covenant HEALTH.

December 1, 2017

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
502 Deaderick Street, Andrew Jackson Building, 9th Floor
Nashville, TN 37243

RE: NHC Farragut

Dear Ms. Hill:

Covenant Health is a non-profit healthcare system that operates hospitals and other healthcare facilities, and engages in many other community health-related activities, to serve and benefit communities in East Tennessee. Currently, Covenant Health includes nine acute care hospitals, multiple cancer centers, behavioral health facilities, physician practices, and several other healthcare-related programs and ventures.

The purpose of this letter is to express Covenant Health's support for NHC Farragut's current CON application requesting six (6) additional skilled nursing beds to expand capacity at an existing facility to help address the growing needs of patients in our region.

NHC's proposed project is needed and reflects the orderly development of healthcare services for East Tennessee. The project will improve patient care access and skilled bed availability. Covenant Health entities and programs, such as Parkwest Medical Center's Joint Replacement Program and others, have benefited greatly from long-standing collaborative partnerships with NHC that address specific patient care needs, care coordination opportunities, and patient placement issues across a continuum of care settings. Moreover, our patients and physicians recognize the high levels of quality and service delivered at NHC Farragut.

NHC Farragut has worked well with Covenant Health for many years to provide outstanding post-acute care to our patients. Considering the growing and aging population of our shared service area, approval of this CON application will expand access to such needed skilled services in a timely and orderly manner.

Respectfully,



Mike Richardson
Vice President, Strategic Planning and Development
Covenant Health



Wisdom for Your Life.

December 1, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Farragut's CON application for the addition of six (6) skilled beds. NHC is filing its CON based on Knox County's projected skilled bed need. As the Executive Vice President and Chief Operating Officer at The University of Tennessee Medical Center in Knoxville and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

Wm. David Hall
Executive Vice President

UHS Administration

2121 Medical Center Way, Suite 200 • Knoxville, TN 37920-3257 • (865) 305-9430 Fax: (865) 305-9429 • utmedicalcenter.org



Concord Medical Center

*a division of
Summit Medical Group, PLLC*

Antoin H. Mardini, M.D.
Rebecca T. Jackson, M.D.
Charles N. Clark, M.D.
John Mark Pierce, M.D.
Walker E. Nowell, D.O.
Carabeth West Russell, M.D.

Richard Free, FNP-C
Natalie Judy, PA-C
Jordann B. Lewis, PA-C
Amanda B. Parks, FNP-C

Debbie Wilkerson
Senior Site Manager

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Fax (865) 690-7530

Lenoir City Location
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721 Hwy. 321 N
Lenoir City, TN 37771
Phone (865) 986-3283
Fax (865) 986-3339

www.summitconcordmed.com

November 27, 2017

Ms. Melanie Hill, Executive Director

State of Tennessee

Health Services and Development Agency

502 Deaderick Street, 9th Floor

Nashville, TN 37243

Dear Ms. Hill,

NHC HealthCare, Farragut has informed me of their intent to apply for six (6) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

Antoin H. Mardini, MD

Farragut Family Practice

*a division of
Summit Medical Group, PLLC*



W. David England, M.D.
J. Kevin Buchanan, M.D.
Gerald T. Russell, M.D.
John L. Law, M.D.

Ashley Bruce, FNP
Kaitlin Greene, PA-C

November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

NHC HealthCare, Farragut has informed me of their intent to apply for six (6) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

W. David England, M.D.

11130 Kingston Pike
Suite 7 & 8
Knoxville, TN 37934
Phone (865) 675-1953
Fax (865) 675-0877
www.farragutfamilypractice.com
www.summitmedical.com



201

Farragut Family Practice

*a division of
Summit Medical Group, PLLC*

W. David England, M.D.
J. Kevin Buchanan, M.D.
Gerald T. Russell, M.D.
John L. Law, M.D.

Ashley Bruce, FNP
Kaitlin Greene, PA-C

November 17, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,



John L. Law, M.D.

11130 Kingston Pike
Suite 7 & 8
Knoxville, TN 37934
Phone (865) 675-1953
Fax (865) 675-0877
www.farragutfamilypractice.com
www.summitmedical.com



Farragut Family Practice

*a division of
Summit Medical Group, PLLC*

W. David England, M.D.
J. Kevin Buchanan, M.D.
Gerald T. Russell, M.D.
John L. Law, M.D.

Ashley Bruce, FNP
Kaitlin Greene, PA-C

November 21, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Farragut's CON application for the addition of six (6) skilled beds. NHC is filing its CON based on Knox County's projected skilled bed need. I am a physician practicing in Knox County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink that reads "J. Kevin Buchanan M.D.".

J. Kevin Buchanan, M.D.

11130 Kingston Pike
Suite 7 & 8
Knoxville, TN 37934
Phone (865) 675-1953
Fax (865) 675-0877
www.farragutfamilypractice.com
www.summitmedical.com

November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

A handwritten signature in black ink, appearing to read "Rusty Hagood", with a stylized flourish at the end.

Dr. Rusty Hagood

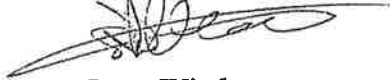
To whom it may concern.

I moved my parents from their home in Yoakum, Texas, where they had lived their entire lives, into the facility of NHC Farragut on January 18, 2016. As you can imagine this was not an easy thing to do having been it their home, where my brother and I were raised, since 1951. I was apprehensive about this move never having had to deal with a location where they would spend their remaining lives. I checked out 5 different facilities in the west Knoxville area and came to the conclusion that NHC Farragut was the best choice for my Mom and Dad. I came to this conclusion for these reasons keeping in mind that I hoped that I was correct and did not know for sure.

1. The location is very convenient to me and medical care
2. The grounds and building was clean and well kept
3. The staff appeared very competent and friendly
4. The facility didn't have that "nursing home smell".
5. The food was good with multiple dining rooms and longer serving hours.
6. Most importantly they have skilled care available when that time arrived, which it did.
7. The physicians, PAs, nurses, CNAs and other staff appeared to be attentive and caring.
8. Management was accessible and friendly
9. Transportation is available for all the other appointments required.

After almost 2 years of being on site practically every day I have found that each one of my requirements have been met, or in most cases exceeded. My dad, who will be 104 years old 2/13/18 calls NHC Farragut "home" which really surprised me As Texas will always really be home. Mom passed away this year which was not easy for any of us but the staff made the transition as good as possible. I could not recommend NHC Farragut any higher sincerely believe you could not find a better more deserving facility.

Sincerely



Steve Windsor
251 Valleyview Drive
Lenoir City, Tn. 37772
865-988-1717

CAC Knoxville - Knox County
Community Action Committee
November 15, 2017
Helping People. Changing Lives.



OFFICE ON AGING

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

Susan A. Long
Director
CAC Office on Aging

LT Ross Building • 2247 Western Avenue • Knoxville, TN 37921 • Mailing address: PO Box 51650 • Knoxville, TN 37950-1650
Phone: (865) 524-2786 • Fax: (865) 546-0832 • www.knoxseniors.org • www.knoxcac.org

An Equal Opportunity Program



ELMCROFT™
OF WEST KNOXVILLE
SENIOR LIVING COMMUNITY

November 15, 2017

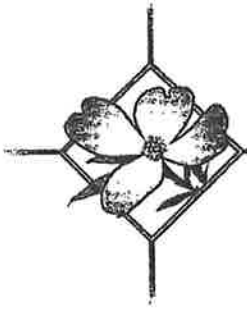
Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,



*East Tennessee
Personal Care Service*

November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill,

Please accept this letter as proof of our support for NHC Healthcare, Farragut, and their Certificate of Need for a six-bed addition. NHC is filing this CON based on the bed-need projection for additional beds in Knox County, Tennessee. In our region, the demand for quality care and additional housing is great, and it is our responsibility to work together to meet these needs.

NHC is to be commended for their care and for their commitment to create additional housing for the needs of our growing senior population. East Tennessee Personal Care wishes NHC well in their endeavor to fulfill their mission of care for the aging and elderly.

Best Regards,

Deborah A. McMillan

Phone: 865-692-2200 • Fax: 865-692-2080
9125 Cross Park Drive, Suite 100 • Knoxville, TN 37923
www.etpcs.net

208

Arbor Terrace

An Assisted Living Residence

9051 Cross Park Drive
Knoxville, Tennessee 37923



November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

1713 North Highway 92 • Jefferson City, Tennessee 37760
Phone: 865.475.6400 • Toll Free: 866.864.1380 • Fax: 865.471.0919
www.amedisys.com

Amedisys Home Health Care

November 30, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Farragut's CON application for the addition of six (6) skilled beds. NHC is filing its CON based on Knox County's projected skilled bed need. I am a physician practicing in Knox County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

Nyda Kidd, OTR/L
Area Vice President of Operations
Amedisys Home Health
423.312.2764



9119D Executive Park Drive, Knoxville, TN 37934
Phone: (865) 985-0265 Fax: 865-985-0956

November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

Victoria Borje, RN

November 21, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

NHC HealthCare, Farragut has informed me of their intent to apply for six (6) additional nursing beds. Based on my experience with this facility, and the overwhelmingly positive experiences of those that I know personally, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,



Brad Rector
Senior Vice President of Operations



WOOLF, McCLANE, BRIGHT, ALLEN & CARPENTER, PLLC

A T T O R N E Y S

900 Riverview Tower | 900 S. Gay Street | Knoxville, TN 37902-1810

Mailing Address: Post Office Box 900 | Knoxville, TN 37901-0900

Phone: (865) 215-1000 | Fax: (865) 215-1001

www.wmbac.com

DALE C. ALLEN
J. NICHOLAS ARNING, JR.
HUGH B. BRIGHT, JR.
LUIS C. BUSTAMANTE
W. KYLE CARPENTER
APRIL A. CARR
WILLIAM F. CLAYTON
J. KEITH COATES, JR.
TONY R. DALTON
LINDY D. HARRIS
J. CHADWICK HATMAKER
DEAN T. HOWELL
KAITLYN E. HUTCHERSON
HOWARD E. JARVIS
J. FORD LITTLE

GREGORY C. LOGUE
ROBERT S. MARQUIS
RICHARD S. MATLOCK
DENNIS R. McCLANE
DANIEL J. MOORE
M. DENISE MORETZ
ROBERT P. NOELL
KEVIN N. PERKEY
GRAYSON K. SCHLEPPGREGG
O. E. SCHOW, IV
C. ELIZA SCOTT
C. GAVIN SHEPHERD
M. AARON SPENCER
ROBERT L. VANCE
LOUIS C. WOOLF (RETIRED)

November 21, 2017

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services & Development Agency
502 Deaderick St., 9th Fl.
Nashville, TN 37243

Re: NHC HealthCare, Farragut – Certificate of Need (CON) Application

Dear Ms. Hill:

Please allow this letter to serve as my support for your approval of NHC HealthCare, Farragut's CON application for the addition of six skilled beds.

My family has a long history with NHC, and we have been extremely impressed with its service. My grandmother resided at NHC for a number of years before she passed, and she could not have received better care, attention, and support during her stay. My father recently had knee replacement surgery and underwent rehab at NHC. During his stay, he likewise received outstanding care, enjoyed good food, and could not be more complimentary of the staff. As a result of his rehabilitation, he has enjoyed a wonderful recovery. Additionally, I have many friends whose family members have undergone rehabilitation and/or other care at NHC, and I have yet to hear any complaints. Rather, all have been complimentary of their family members' experiences.

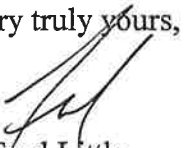
As a practicing attorney who has lived in Knox County the majority of my 53 years, it is apparent that our county has an increasingly large older population. I am personally aware of several instances in which my friends experienced difficulty locating space in local facilities for parents who needed to transition from hospital care to rehabilitation before they could return home. Additional skilled nursing beds at the NHC facility which enjoys an excellent reputation and serves its patients so ably will greatly benefit our community.

Given NHC's long history of serving our community, I am confident that the addition of six skilled beds will be of significant benefit. I hope that you will approve NHC's CON application.

Page 2
November 21, 2017

Please feel free to contact me with any questions.

Very truly yours,



J. Ford Little

ARNETT, DRAPER AND HAGOOD, LLP

WILLIAM A. SIMMS
F. MICHAEL FITZPATRICK
RICK L. POWERS
DAN D. RHEA
STEVEN L. HURDLE
R. KIM BURNETTE
SAMUEL C. DOAK
THOMAS M. COLE

SUITE 2300
FIRST TENNESSEE PLAZA
KNOXVILLE, TENNESSEE 37929-2300
TELEPHONE: 865/546-7000
FAX: 865/546-0423

POST OFFICE BOX 300
KNOXVILLE, TENNESSEE 37901-0300

www.adhknox.com

BRODERICK L. YOUNG
JAY W. MADER
RACHEL PARK HURT
ROBERT B. FROST, JR.
STACIE D. MILLER*
PAUL E. WEHMEIER

*ALSO LICENSED IN LOUISIANA

OF COUNSEL
JACK B. DRAPER
LEWIS R. HAGOOD

FOSTER D. ARNETT
(1920-2002)

November 22, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th floor
Nashville, TN 37243

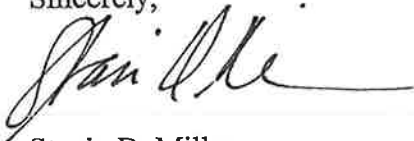
Dear Ms. Hill:

It is with great respect and appreciation for NHC HealthCare, Farragut and their work in our community that I extend my support to the facility's Certificate of Need application for the addition of six (6) skilled beds. As an attorney who works with seniors and their families, I believe these additional skilled nursing beds are needed to accommodate the our community's growing aging population. Additionally, I have personally experienced NHC's care and commitment to its residents through family and friends who have been placed at NHC HealthCare, Farragut and its sister facilities.

Based on my professional and personal experience with NHC, as well as NHC's excellent history and reputation in our community, I support NHC's application without reservation and request your approval of this proposal.

Please do not hesitate to call me should you have any questions.

Sincerely,



Stacie D. Miller

ARNETT, DRAPER AND HAGOOD, LLP

WILLIAM A. SIMMS
F. MICHAEL FITZPATRICK
RICK L. POWERS
DAN D. RHEA
STEVEN L. HURDLE
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SAMUEL C. DOAK

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THOMAS M. COLE
BRODERICK L. YOUNG
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OF COUNSEL
JACK B. DRAPER
LEWIS R. HAGOOD

POST OFFICE BOX 300
KNOXVILLE, TENNESSEE 37901-0300

www.adhknox.com
rhurt@adhknox.com

*ALSO LICENSED IN LOUISIANA

FOSTER D. ARNETT
(1920-2002)

November 27, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please let this serve as a written affirmation of my support for NHC HealthCare, Farragut's Certificate of Need ("CON") application for six (6) new/additional skilled beds. NHC is filing its CON based on Knox County's projected skilled bed need.

I am an attorney, practicing healthcare liability defense and healthcare law in Knox County and the surrounding counties, and given my experiences and my familiarity with the hospital, long term care, and skilled facilities in the area, I believe these additional skilled nursing beds are needed to accommodate Knox County's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,



Rachel Park Hurt

ARNETT, DRAPER AND HAGOOD, LLP

WILLIAM A. SIMMS
F. MICHAEL FITZPATRICK
RICK L. POWERS
DAN D. RHEA
STEVEN L. HURDLE
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KNOXVILLE, TENNESSEE 37901-0300

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PAUL E. WEHMEIER

*ALSO LICENSED IN LOUISIANA

FOSTER D. ARNETT
(1920-2002)

November 27, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Re: ***NHC Healthcare Farragut Request for Six Additional Nursing Beds***

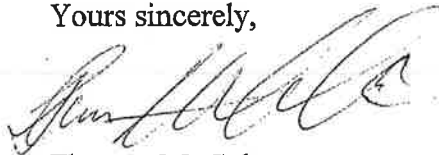
Dear Ms. Hill:

I am writing this letter to support the recent application by NHC HealthCare, Farragut for a Certificate of Need to add six additional beds. It is my understanding that NHC is requesting the Certificate of Need based on a need projection for additional skilled beds in Knox County. Obviously there is a great need for an adequate number of beds for the elderly requiring services such as those offered by NHC.

I have visited NHC HealthCare, Farragut on several occasions. I have always been impressed with the facility, the staff, the cleanliness and the apparent overall operation of the facility. If I were choosing a skilled nursing and rehabilitation facility for myself or other family members, NHC HealthCare, Farragut would be my top choice. I certainly hope that the Health Services and Development Agency looks favorably upon NHC HealthCare, Farragut's request for the Certificate of Need to add six additional beds.

With kind regards,

Yours sincerely,



Thomas M. Cole

TMC/pam

ARNETT, DRAPER AND HAGOOD, LLP

WILLIAM A. SIMMS
F. MICHAEL FITZPATRICK
RICK L. POWERS
DAN D. RHEA
STEVEN L. HURDLE
R. KIM BURNETTE
SAMUEL C. DOAK
THOMAS M. COLE

OF COUNSEL
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RACHEL PARK HURT
PAUL E. WEHMEIER

*ALSO LICENSED IN LOUISIANA

FOSTER D. ARNETT
(1920-2002)

November 22, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Re: ***NHC Healthcare Farragut Request for Six Nursing Beds***

Dear Ms. Hill:

This letter is being submitted as a statement of support for the application of NHC Healthcare Farragut for six additional nursing beds. Based upon community reputation I can tell you that NHC Healthcare Farragut has an excellent reputation for good care, and a conscientious staff. One of my coworkers has a spouse who is a resident at the facility, and they are very pleased with the accommodations and the assistance that is being provided.

Clearly there is a need for additional nursing beds in the Knoxville community; the population is aging and the need will only increase over the next few years.

I request that you approve the application.

If you have any questions, I will be happy to speak with you. My phone number is shown on the letterhead.

With kind regards,

Yours sincerely,


F. Michael Fitzpatrick

FMF/pam



December 1, 2017

Ms. Melanie Hill
Executive Director
State of Tennessee- Health Services & Development Agency
502 Deaderick St., 9th Fl.
Nashville, TN 37243

Re: NHC HealthCare, Farragut – Certificate of Need (CON) Application

Dear Ms. Hill:

I am writing this letter to serve as my support for your approval of NHC HealthCare, Farragut's CON application for the addition of six skilled beds.

I am very familiar with this facility and their outstanding operation. I recently underwent major back surgery and following my procedure, I found myself in need of a rehabilitation facility. NHC was highly recommended, as the premier choice in Knoxville.

I can say, with overwhelming enthusiasm, that NHC is a wonderful place. As a 37 year old male, I was very reluctant and upset for having to be admitted to any healthcare facility. In hindsight, was very blessed that NHC had availability for me, as they quickly changed my attitude about my potential experience. The combination of the friendliness of the staff, cleanliness of the facility, quality of food, outstanding physical therapy facilities and extra activities made for a wonderful experience.

They went above and beyond to make sure that I was comfortable and that my needs were taken care of. All the doctors, staff and therapists were very committed to me and making sure my time there was first-class.

If you are in need of this as a rehabilitation facility, then you are already hurting, tired and exhausted. In an otherwise dark moment, NHC provided me with a bright place that cared about me and my well-being. I hope that more beds in this facility, would mean that more people could receive the same emotional and physical support that that I did.

Please feel free to contact me with any questions.

Sincerely,


Chad Martin

1900 N. Winston Road | Suite 100 | Knoxville, TN 37919
PO Box 10320 | Knoxville, TN 37930-0320
p 800.326.0303 | 865.601.4047
f 865.604.4847
tins.com



²¹⁹
H-S WHITSON
CONSTRUCTION CO., INC.

General Contractor

Committed to Excellence

www.WhitsonConstruction.com
Email: Stephen@WhitsonConstruction.com

Thursday, November 30, 2017

Ms. Melanie Hill
Executive Director
State of Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Miss Hill,

Please accept this letter of my support for the addition of six beds for the in NHC Healthcare Facility in Farragut, Tennessee. This area is in dire need of the services that NHC Farragut provides. After two open heart surgeries being required to save my father, 10 days apart, the staff at this facility was instrumental in helping him to recover. Throughout his 28 day stay, the level of care they provided to him and the rehabilitation services that they provided were first class in every way.

As a commercial general contractor that has been involved in the construction and renovation of numerous medical facilities, I see firsthand how badly this is an area of need in our community. I would encourage and support a CON being granted for this facility.

If I can answer any questions about our experience with the staff and the level of care that they provided, feel free to contact me at any time.

With kindest regards,

H-S Whitson Construction Co., Inc.

H. Stephen Whitson, President

HSW/ctr
11/30/17

2669 Byington Solway Rd.
P.O. Box 7343
Knoxville, TN 37921

Westbridge
Business Park
(865) 539-1111



Weigel Stores, Inc
Corporate Office
3100 Weigel Lane
Powell, Tennessee 37849
(865)-938-2042
(865)-938-2444 Fax

November 15, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

William B. Weigel
Chairman



November 20, 2017

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville TN 37243

RE: Billboard Access

Dear Mr. Smiddy:

Please accept this letter as my support for NHC HealthCare, Farragut and its Certificate of Need for a six (6) bed addition. NHC is filling this CON based on the bed need projection for additional skilled beds in Knox County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

Jason Amonette
Real Estate Manager
Lamar Outdoor Advertising - Knoxville

Supplemental #1 (Copy)

NHC HealthCare
/Farragut, LLC

CN1711-037

1. Section A, Executive Summary, Item 12 (Square Footage Chart), page 12

The square footage chart is noted. However, the applicant placed the total project cost of \$125,000 for total construction cost in the chart. The total construction cost should equal the Construction Cost reported on line A5 of the Project Cost Chart. Please revise and submit a replacement page 12.

Please see attached revised Page 12 (Square Footage Chart).

2. Section B., Need, Item A.(1) and A.2 Planning Horizon (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

The SNF Need formula and General Need Formula is noted. However, the application will be reviewed according to TCA 68-11-1622 as prescribed in the current nursing home criteria and standards. Please revise and submit a replacement page 17 and the Attachment "Section B. General Criteria-B Need: A1" by applying the current bed need methodology only and not including Veterans Administration nursing home beds. In addition, please use 2017 and 2019 as the planning horizon years rather than 2018 to 2020.

Please see attached revised page 17 and Attachment "Section B. General Criteria-B Need: A1."

3. Section B., Need, Item A.(4) Existing Nursing Home Capacity (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards) Page 19

The applicant listed LP Johnson City, LLC (CN1609-032) as LP Farragut, LLC CN1609-032. Please clarify if this is a typo in the name and why it is referenced since it is located in Washington County.

Attached please find a Revised page 19, omitting the reference to the specific CON.

4. Section B., Need, Item A.(10) Community Linkage Plan (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

There appears to be several support letters attached to the application. Do any of the submitted provider support letters detail instances of unmet need for nursing home services? If so, please discuss.

Please reference the following support letters as it relates to bed need and availability

Mike Richardson from Covenant Health (page 148) “NHC’s proposed project is needed and reflects the orderly development of healthcare services for East Tennessee. The project will improve patient care access and skilled bed availability.”

W. David Hall from University of Tennessee Medical Center (page 149) “...I believe these additional skilled nursing beds are needed to accommodate our county’s growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.”

Dr. Antoin Mardini, Concord Medical Center (page 150) “The need for more skilled nursing beds in this area is great.”

Dr. J. Kevin Buchanan, Farragut Family Practice (page 153)...”skilled referrals can be difficult to place and often require patient delays in our acute care facilities.”

In addition, in 2019, Knox County is projected to have skilled nursing bed need of 1,728 additional beds. NHC HealthCare, Farragut is requesting 6 additional beds.

5. Section B., Need, Item A.(11) Access (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

Please clarify if there are a less restrictive and less costly environment post-acute services available in Knox County to provide care to patients being discharged from an acute care hospital stay. If so, please discuss why service area residents cannot be served by that available service.

Patients admitted to NHC HealthCare, Farragut originate primarily from an acute care setting and/or from a physician practice group following a surgical procedure. Physicians and social workers decide what is the most appropriate, cost effective, and least restrictive setting for a patient to receive their required care under the prescribed care plan. Under bundled payment reimbursement, providers are incentivized to place patients in least restrictive, high quality and less costly provider services. While patients are often directed to post acute care services other than nursing home care on a regular basis, there is often not a more appropriate placement for patients other than a nursing home bed for a short period of time. For patients that fit this category, nursing home care is the least costly, highest quality option resulting in the majority of patients being able to return home to a less restrictive life.

Please clarify if the applicant provides or will provide other services to residents that will enable them to remain in their homes.

Please note that NHC provides a full spectrum of post acute care services in Knox County. Those services, in addition to nursing home care at several Knox County centers, include assisted living, homecare, and hospice care through out Knox County. In addition, NHC is currently constructing a new freestanding memory care center (ALF) on the campus of NHC Farragut.

6. Section B., Need, Item A.(14)(a) (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards) Page 31

Please provide a narrative response using any attachment as a supportive document.

The following table indicates that the proposed 6 bed addition will fill up in 2 months. This assumption is reasonable based upon the following:

The existing 100 bed location is over 95% occupied for the first 10 months of 2017 and average over 130 admissions per month. Thus, assuming an occupancy of 91.85% is reasonable.

NHC opened several new locations in the past several years and all of these locations exceeded 6 patients after the first two months of Medicare certification.

December 21, 2017

12:21 pm

OCCUPANCY SUMMARY
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Jan-19	0.00	4.00	4.00	2.00	31	62	186	33.33%
Feb-19	4.00	1.50	5.50	4.75	28	133	168	79.17%
Mar-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Apr-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
May-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Jun-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Jul-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Aug-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Sep-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Oct-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
Nov-19	5.50	0.00	5.50	5.50	30	165	180	91.67%
Dec-19	5.50	0.00	5.50	5.50	31	171	186	91.94%
YEAR 1	0.00	5.50	5.50		365	1,881	2,190	85.89%
Jan-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Feb-20	5.50	0.00	5.50	5.50	29	160	174	91.95%
Mar-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Apr-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
May-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Jun-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Jul-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Aug-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Sep-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Oct-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
Nov-20	5.50	0.00	5.50	5.50	31	171	186	91.94%
Dec-20	5.50	0.00	5.50	5.50	30	165	180	91.67%
YEAR 2	5.50	0.00	5.50	5.50	366	2,017	2,196	91.85%

7. Section B., Need, Item A.(14)(b) (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

Copies of the charts in Medicare's Nursing Home Compare that provide details on general information, health inspections, staffing, fire safety inspections, quality of resident care and penalties for each of the nursing homes (for those that are available) in Knox County is noted. It is noted in the following chart the applicant received an overall score of 2 stars using the 5 star Medicare Compare Ratings System which is considered below average. Please discuss why the applicant has a 2 star overall rating and a 1 star (well below average) for health inspections which is received by the bottom 20% of nursing homes in the state.

Nursing Home	Overall Star Rating	Star Rating Health of Inspections	Star Rating of Staffing	Star Rating of Quality Measures
Beverly Park and Place Health and Rehab	5 Stars Much Above Average	4 Stars Above Average	3 Stars Average	5 Stars Much Above Average
Fort Sanders TCU	5 Stars Much Above Average	5 Stars Much Above Average	5 Stars Much Above Average	5 Stars Much Above Average
Holston Health and Rehabilitation Center	5 Stars Much Above Average	5 Stars Much Above Average	3 Stars Average	4 Stars Above Average
Island Home and Park Health and Rehab	2 Stars Below Average	2 Stars Below Average	3 Stars Average	3 Stars Average
Kindred Health and Rehab-Northhaven	2 Stars Below Average	2 Stars Below Average	2 Stars Below Average	2 Stars Below Average
NHC Healthcare, Farragut	2 Stars Below Average	1 Star Much Below Average	5 Stars Much Above Average	5 Stars Much Above Average
NHC Healthcare, Ft. Sanders	5 Stars Much Above Average	5 Stars Much Above Average	3 Stars Average	5 Stars Much Above Average
NHC Healthcare, Knoxville	3 Stars Average	2 Stars Below Average	3 Stars Average	5 Stars Much Above Average
Serene Manor Medical Center	1 Star Much Below Average	2 Stars Below Average	3 Stars Average	1 Star Much Below Average
Shannondale Health Care Center	4 Stars Above Average	4 Stars Above Average	3 Stars Average	4 Stars Above Average
Summit View of Farragut, LLC	1 Star Much Below Average	1 Star Much Below Average	3 Stars Average	2 Stars Below Average
Wellpark at Shannondale	5 Stars Much Above Average	5 Stars Much Above Average	5 Stars Much Above Average	2 Stars Below Average

West Hills Health and Rehab	4 Stars Above Average	3 Stars Average	4 Stars Above Average	2 Stars Below Average
Westmoreland Health and Rehabilitation Center	1 Star Much Below Average	1 Star Much Below Average	1 Star Much Below Average	4 Stars Above Average
Knox County Average	3.21	2.71	3.28	3.50

NHC HealthCare, Farragut over the last seven years has received a 5 star CMS rating. Although a 2 Star rating is uncharacteristic of NHC HealthCare, Farragut, we anticipate (when eligible) obtaining our 5 Star rating. It should be noted that NHC HealthCare, Farragut continues to operate at a high occupancy (95.4% YTD 10/31/17) and receives on average 134 admissions per month. Also, NHC Farragut is 5 Star rated for both Staffing and Quality Measures.

A summary of NHC HealthCare, Farragut's current Star rating is as follows:

On June 17, 2017 the center underwent a complaint survey relating to a fall as reported by a patient's family member. Following that survey, the center prepared a plan of correction and the center was back in compliance in several days. Since that survey, NHC HealthCare, Farragut has undergone its annual survey on October 27, 2017 where no substantial deficiencies were found. Based on that survey, NHC HealthCare would be eligible to move to a Three Star center on June of 2018. However, CMS has imposed a freeze on Star ratings due to changing regulations so the earliest NHC HealthCare, Farragut will receive its new Star rating is now November 2018. Since past surveys are considered in the overall Star rating, the center will not be eligible or able to achieve a Five Star rating for several years.

Please note that following the June 2017 survey process, NHC HealthCare, Farragut has continued to maintain all of its preferred provider agreements with its acute care and physician group providers. All of these providers and referral sources are fully aware of NHC HealthCare, Farragut's survey history and fully understand and believe in the center's abilities to provide quality care to its patients.

8. Section B., Need, Item A.(14)(c) (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

Please indicate the licensed occupancy rate for the previous year for the applicant.

Following is the occupancy for 2016 and YTD 2017 for NHC HealthCare, Farragut.

2016 Occupancy	2017 YTD 10/31 Occupancy
93.1	95.4

Source: 2016 JAR Reports Utilization, 2017 NHC Internal Reports

9. Section B, Need, Item B.1. (Population Demographics)

Since the planning horizon for nursing home beds is two years, please provide a demographic chart that uses 2019 as the Projected Population.

Please see following demographic chart with 2019 Projected Population.

Demographic Variable/Geographic Area	Department of Health/Human Statistics							Bureau of the Census				TennCare	
	Total Population - Current Year - 2017	Total Population - Projected Year - 2019	Total Population - % Change	*Target Population 65+ - Current Year- 2017	*Target Population 65+ - Projected Year - 2019	*Target Population - % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Knox County	472,075	483,425	2.40%	72,869	78,177	7.28%	16.17%	37.3	\$48,701	69,061	14.63%	77,386	16.39%
State of TN Total	6,887,572	7,035,572	2.15%	1,133,025	1,219,696	7.65%	17.34%	38.4	\$45,219	1,117,594	16.23%	1,446,810	21.01%

10. Section C, Need, Item F. , Page 42

Please provide the methodology used in projecting annual utilization in Year One and Year Two of the proposed project that includes detailed calculations or documentation from referral sources, and identification of all assumptions.

Please see response and utilization table provided to Question 6.

Please explain why the Medicare ADC is approximately 80% of ADC in 2016 and is projected at 53% in 2019 and 2020.

In the initial CON submittal, Medicare and Medicare Advantage resident days of care was reported under "SNF Medicare ADC"; however, Medicare Advantage should have been reported under "SNF All Other Payors". Please see revised table for years 2015 and 2016

Total Facility:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2014	100	100	55	0.00	35	5	95.67	95.7%
2015	100	100	52	0.00	37	5	94.30	94.3%
2016	100	100	49	0.00	35	9	93.06	93.1%
2019 (Projected)	106	106	52	0.00	37	9	97.99	92.4%
2020 (Projected)	106	106	52	0.00	37	9	98.34	92.8%

Project Only:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2019 (Projected)	6	6	3.0	0	22	0	52	85.9%
2020 (Projected)	6	6	3.2	0	23	0	55	91.9%

Source: NHC Internal Documents

11. Section B, Economic Feasibility, Item A (4), Page 43

The Total Construction Cost reported on line 5 of the Project Cost Chart appears to not equal the total construction cost reported on the square footage chart. Please clarify.

The total construction cost is \$50,000. Please see question 1 for a revised square footage chart referencing the \$50,000 cost.

12. Section B, Economic Feasibility, Item D Projected Data Charts, Pages 101 and 105

The Projected Data Charts for the existing and total facility are noted. However, the applicant labeled pages 101 and 105 incorrectly as "Historical Data Chart-Other Expenses". Please correct and provide replacement pages 101 and 105.

Please see the corrected pages 97, 101 and 105 attached.

13. Section B, Economic Feasibility, Item E (1) Charges

The gross charges and average net charge from revenue data for Year Two do not match up with the data in the Projected Data Chart. Please address these discrepancies.

Attached please find a revised page 51.

14. Section B, Economic Feasibility, Item G. Payor Mix, Page 54

The Payor Mix Chart for the project and total facility in Year 1 is noted. However, please use \$1,220,074 as the total Projected Gross Operating Revenue for the proposed project and \$26,004,056 for the total facility in Year One and submit a replacement page 54 that includes the corrections.

Attached please find a revised page 54.

15. Section B, Economic Feasibility, Item H. Staffing, Page 55

There appears to be calculation errors in the Projected FTEs (2019) column for Non-Patient Care positions. Please correct and submit a revised page 55.

Please see revised page 55.

Please complete the following chart reflecting the proposed number of direct care hours including nursing care hours per patient per day in Year One.


Direct Care Hours	Nursing Hours	Total Hours
6.01	6.01	6.01

AFFIDAVIT

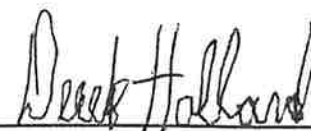
STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORTNAME OF FACILITY: NHC HealthCare, Farragut/LLC

I, Bruce K. Duncan, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

 AVT
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 20th day of Dec., 2017,
witness my hand at office in the County of Beaufort, State of
South Carolina.


NOTARY PUBLIC

My commission expires May 27, 2021.

Supplemental #2 (Copy)

NHC HealthCare
/Farragut, LLC

CN1712-037

1. Section B., Need, Item A.(1) and A.2 Planning Horizon (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)

The SNF Need formula and General Need Formula is noted. However, the application will be reviewed according to TCA 68-11-1622 as prescribed in the current nursing home criteria and standards. Please revise and submit a replacement page 17 and the Attachment "Section B. General Criteria-B Need: A1" by applying the current bed need methodology only (as noted in the Nursing Home Criteria and Standards) and not including Veterans Administration nursing home beds.

By applying the current nursing home bed need criteria, there is a need for 3,555 nursing home beds in Knox County. The current inventory, according to Tennessee HealthCare Facilities is 1,967 beds, less the VA nursing home beds (140) gives a total of 1,827 existing beds. Based on these calculations (3,555 - 1,827) there is a net need for 1,728 nursing home beds in Knox County.

Attached please find a replacement page 17 and Attachment "Section B. General Criteria-B Need: A1."

2. Section C, Need, Item F. , Page 42

The table that explains why the Medicare ADC is approximately 80% of ADC in 2016 and is projected at 53% in 2019 and 2020 is noted. However, there are errors in the table. Please note that Medicare and "All other Medicare" (which includes Medicare Advantage) are grouped together since the payor source is Medicare. Please revise the table for the total facility for the years 2014 through 2020 and the project for Year One (2019) and Year Two (2020) to reflect the correct Medicare days. If there is a considerable difference in the Medicare ADC in 2016 and the projected Medicare ADC in 2019 and 2020, please explain why.

Following is a revised table reflecting the corrected Medicare ADC for the total facility and the project only.

The 2014 Joint Annual report for the applicant on page 16 reflects 43,554 patient days which calculates to an ADC of 119.32 days. How this is possible since the applicant is only licensed for 100 beds?

The patient days on Page 16 of the 2014 Joint Annual Report was reported incorrectly. The 2014 total patient days were 34,918 which calculates to 95.67 ADC. The information reported in the CON is based on the corrected patient days of 34,918. See attached letter notifying Mr. Trent Sansing with the TN Department of Health with the corrected information.

NHC HealthCare, Farragut Projected Utilization

Total Facility:

Year	Licensed Beds	Medicare Certified	SNF Medicare* ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2014	100	100	79	0.00	12	5	95.67	95.7%
2015	100	100	78	0.00	11	5	94.30	94.3%
2016	100	100	76	0.00	8	9	92.83	93.1%
2019 (Projected)	106	106	81	0.00	8	9	98.10	92.4%
2020 (Projected)	106	106	82	0.00	8	9	98.35	92.8%

Project Only:

Year	Licensed Beds	Medicare Certified	SNF Medicare* ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2019 (Projected)	6	6	5.2	0	0.0	0	5.2	85.9%
2020 (Projected)	6	6	5.5	0	0.0	0	5.5	91.9%

* Includes Medicare and Medicare Advantage Resident Days

Source: NHC Internal Documents

December 27, 2017



December 27, 2017

Mr. Trent Sansing
Certificate Of Need and Joint Annual Reports
Div. of Health Planning
2nd Floor, Andrew Johnson Tower
710 James Robertson Pkwy
Nashville, TN 37243

RE: NHC HealthCare, Farragut State ID: 472422
2014 Joint Annual Report

Dear Trent:

In regards to NHC HealthCare, Farragut's 2014 Joint Annual Report, there is an error on Schedule F – Utilization – Part 2, Resident Days of Care. The "other non-government" resident days is incorrect. It has been brought to our attention the Medicare Advantage days of 8,636 was also included in the "other non-government" resident days. The correct "other non-government" resident days should be 4,223. Also, please note, the corrected total Level II Care/Skilled Nursing Care should be 33,051 and the total resident days should be 34,918.

We apologize for this error and if you need any additional information, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION

A handwritten signature in cursive script, reading "Dere R. Brown", is positioned above the printed name.

Dere R. Brown
Health Planning Assistant

AFFIDAVIT

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORTNAME OF FACILITY: NHC HealthCare, Farragut

I, Bruce K. Duncan, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] AVP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26th day of December, 2017,
witness my hand at office in the County of Beaufort, State of
South Carolina.

Beth Ann Julseth
NOTARY PUBLIC

My commission expires 8/24, 2021.

HF-0043

Revised 7/02



BETH ANN JULSETH
Notary Public, State of South Carolina
My Commission Expires 8/24/2021



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

2017

LETTER OF INTENT

The Publication of Intent is to be published in the Knoxville News-Sentinel which is a newspaper of general circulation in Knox, Tennessee, on or before December 8, 2017 for one day.
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC Healthcare, Farragut Nursing Home
(Name of Applicant) (Facility Type-Existing)
owned by: NHC HealthCare/Farragut, LLC. with an ownership type of Limited Liability Company
and to be managed by: NHC HealthCare/Farragut, LLC. intends to file an application for a Certificate of Need for: the addition of six (6) new Medicare certified SNF nursing home beds to the existing 100 bed nursing home called NHC HealthCare, Farragut, located at 120 Cavett Ln, Farragut, (Knox Co.) TN 37934. NHC HealthCare, Farragut is certified for Medicare participation. The estimated project costs is \$140,000.

The anticipated date of filing the application is: December 12, 2017

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)
[Signature] 12/6/17 Bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
 - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
 - (t) For Relocation and/or Replacement of Health Care Institution projects:
 1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
 - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
 - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
 - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: January 31, 2018

NHC Healthcare-Farragut
120 Cavett Hill Ln
Farragut, TN 37934

CONTACT PERSON: Bruce Duncan
National Healthcare Corporation
100 Vine Street, 12th Floor
Murfreesboro, Tennessee 37130

COST: \$140,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

NHC Healthcare Farragut, located at 120 Cavett Hill Ln, Farragut (Knox County), TN, seeks Certificate of Need (CON) approval for the addition of 6 new Medicare certified nursing beds to the existing 100 nursing home beds.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area is Knox County, TN. The population of Knox County for 2017 is 472,075, and is expected to increase by 2.4% in 2019 to 483,425.

NHC Healthcare Farragut, LLC has one member, NHC/OP, L.P., which owns 100% of NHC Healthcare Farragut, LLC.

NHC Healthcare Farragut was originally constructed in 1997 with 60 SNF beds. According to the Health Services and Development Agency historical project listings, in 2003, the facility was approved per CON number CN0308-062 for the addition of 30 skilled nursing beds bringing the total to 90 SNF beds. In 2012, CON number CN1111-049 was approved to add 10 addition SNF beds bringing the total to 100 SNF beds. The change in proposed beds for this application is listed below.

NHC Farragut

Bed Mix	Private Beds	Semi-private Beds	Total Beds
Current	58	42	100
Proposed	52	54	106

Along with the Skilled Nursing Facility, an 84 bed assisted living facility, NHC Place-Farragut, and also a new 60 unit dedicated memory care assisted living facility are located on the same campus.

NHC Farragut is located approximately 9 miles from Parkwest Medical Center.

Service Area Nursing Home Utilization, 2016

County	Nursing Home	Licensed. Beds	Total Days of Care	Licensed Occupancy
Knox	Beverly Park Place Health and Rehab	271	73,109	73.9%
Knox	Fort Sanders Transitional Care Unit	24	6,872	78.4%
Knox	Holston Health and Rehabilitation Center	94	29,618	86.3%
Knox	Island Home Park Health and Rehab	95	26,533	76.5%
Knox	Kindred Nursing and Rehabilitation - Northhaven	96	29,931	85.4%
Knox	Little Creek Sanitarium	38	13,086	94.3%
Knox	NHC HealthCare, Farragut	100	33,977	93.1%
Knox	NHC HealthCare, Fort Sanders	166	51,239	84.6%
Knox	NHC HealthCare, Knoxville	129	34,906	74.1%
Knox	Senator Ben Atchley's State Veterans' Home	140	48,891	95.7%
Knox	Serene Manor Medical Center	79	27,036	93.8%
Knox	Shannondale Health Care Center	176	61,865	96.3%
Knox	Summit View of Farragut	113	37,464	90.8%
Knox	WellPark at Shannodale	30	2,893	26.4%
Knox	West Hills Health and Rehab	194	37,815	53.4%
Knox	Westmoreland Health and Rehabilitation Center	222	51,449	63.5%
Total		1,967	566,684	78.9%

Joint Annual Report of Nursing Homes, 2016 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

The applicant calculated the following bed need. A need for 3,555 beds in Knox County, minus (1,967 existing beds - 140 VA beds) = 1,827, leaving a total bed need of 1,728 beds.

The Department of Health calculated the total bed need for Knox County to be 3,554 beds. (1,967 existing beds - 140 VA beds)= 1,827, leaving a total bed need of 1,727 beds.

NHC Healthcare, Farragut has maintained a licensed bed utilization rate of over 93% for the past three years. 2014: 95.7%, 2015: 94.3%, 2016: 93.1%

Source: 2014-2016 Joint Annual Reports for Nursing Homes

TENNCARE/MEDICARE ACCESS:

NHC is a Medicare certified provider and seeks to target patients who are Medicare beneficiaries seeking skilled nursing care. The majority of patients placed in nursing facilities from an acute care setting are Medicare beneficiaries. The addition of this project will improve Medicare patient access to this level of care, as well as, reducing the health care system expense of potential added days of acute care stays as patients wait for Medicare bed to become available.

NHC Healthcare, Farragut is a Medicare provider, provider number 44-5415.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The total estimated project cost which includes fixed and moveable equipment as well as CON filing fees. is \$140,000 and will be funded through cash reserves as documented by the NHC Vice President on Attachment Section B Economic Feasibility B5.

The project will require the renovation of 2,292 square feet of existing patient rooms at a cost of \$21.82 per square foot for the \$50,000 renovation only.

Project Costs Chart: The Project Cost Charts is located on page 44 of the application. The total project cost is \$140,000.

Historical Data Chart: The Historical Data chart is located in Attachments Section B, Economic Feasibility C. The applicant reports 34,919, 34,419, and 33,977 patient days in 2014, 2015, and 2016 with net operating revenues of (\$697,525), \$394,247, and \$57,294 each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1 of the application. The applicant projects 1,881 and 2,017 patient days in 2019 and 2020 with net operating revenues of \$90,434 and \$135,743 each year, respectively for the project only.

The applicant provides projected data supporting both short term and future financial feasibility for the project.

Proposed Charge Schedule

	Current	Year One	Year Two	% Change
Gross Charge	\$620	\$648	\$674	8.8
Average Deduction	\$170	\$185	\$202	18.7
Average Net Charge	\$450	\$463	\$472	5.06

Project only Payor Mix Year One

Payor Source	Projected Gross Operating Revenue	% of Total
Medicare	\$1,209,312	99.1%
TennCare		
Commercial		
Self-Pay		
Charity Care		
Other (Hospice)	\$10,762	.9%
Total	\$1,220,074	100%

Proposed Staffing project only

Title	Current FTE	Proposed FTE
RN		.70
CNA		2.8

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The 125-bed pool effective through June 30, 2018 will be affected. At the time of filing this application there were 125 beds left in the pool, with 32 beds pending approval at the December 2017 HSDA meeting.

NHC Healthcare, Farragut is focused on decreasing hospital admission rates to acute care providers resulting in better quality outcomes for patients and decreasing healthcare system costs.

The applicant believes the project will positively contribute to the increasing need for skilled nursing home beds and services to an expanding elderly population of Knox County. The additional beds will serve as a referral source for home health agencies, hospitals and assisted living facilities.

There will be no duplication of services in the service area, as the addition of only 6 beds is a small percentage of the 1,967 needed SNF beds projected for Knox County in 2020. Options considered

as alternates to the project included, do nothing, add more than six beds, and add fewer than six beds. However, due to high utilization and the ability to utilize existing space, the decision to add 6 additional beds was considered the best option.

The applicant provides a project completion forecast chart on page 75 of the application starting with the potential HSDA approval date of 04/2018 and Final Project Report Form submitted 04/2019.

NHC currently has two outstanding CON projects:
CN1604-014A NHC Healthcare, Cookeville
CN1404-011 The Health Care Center of Hermitage

NHC Healthcare has recognized the need for qualified staffing and has implemented several recruiting and retention programs. The company has established partnerships with the following educational institutions:

University of Tennessee
Mississippi State University
Lincoln Memorial University
Roane State
Tennessee State Vocational College
Tennessee Wesleyan

NHC Healthcare has a companywide program to provide in-house education to assist in obtaining licensed and non-licensed personnel. NHC has implemented a scholarship program for 2 and 4 year nursing programs and aims to have at least two partners from each NHC center attending nursing school through the scholarship program. The company also operates an in house certification program for nurses aides. Persons graduating from this program are eligible to work as nurses aides.

In addition, NHC has developed a 24 month administrator in training program for college graduates which teaches all aspects of management for long term care facilities. More than half of all the companies' administrators are graduates of this program.

QUALITY MEASURES:

The applicant is licensed by the State of Tennessee, Department of Health, license number 0000000363. The last state survey for Medicare recertification on 10-25-17 noted deficiencies. A Plan of Correction was submitted and accepted by the department of Health.

Medicare.gov web site reveals there have been two federal fines issued to NHC Healthcare, Farragut in the past three years. This site provides an Overall rating of "Below Average", 2 out of 5 star rating. The site gives the applicant a "Much Above Average" 5 Star rating in Quality of Resident Care.

U.S. News and World Report named NHC Healthcare, Farragut as one of the top five best nursing homes in Knox County, 2017.

NHC Healthcare, Farragut has preferred provider status with several medical facilities, including OrthoTN, UT Memorial Hospital, and Summit Medical Group.

The applicant also provides a copy of their Quality Assurance and Performance Improvement statement and principles and page 29 of the application.

NHC Healthcare Farragut participates in the Quality Improvement in Long Term Services and Supports Initiative (QuiLTSS). This program is directed towards Patient Satisfaction, Culture Change and Quality of Life, Staff Competency and 2 additional clinical measures.

The company also uses a third party quality measure, NRC Health's post-acute customer experience program My InnerView. This measure is directed at improving quality in all long term care and short stay settings. This program provides for the collection of customer satisfaction information which can be analyzed to track patient satisfaction data nationally.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR NURSING HOME SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide nursing home services as defined by Tennessee Code Annotated (TCA) Section 68-11-201(28). Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of nursing home services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

NOTE: TCA Section 68-11-1622 states that the HSDA "shall issue no certificates of need for new nursing home beds, including the conversion of hospital beds to nursing home beds or swing beds," other than a designated number of such beds per fiscal year, "to be certified as Medicare skilled nursing facility (SNF) beds...." Additionally, this statute states that the number of Medicare SNF beds issued under this section shall not exceed the allotted number of such beds per applicant. The applicant should also specify in the application the skilled services to be provided and how the applicant intends to provide such skilled services.

NOTE: An applicant that is not requesting a CON to add new nursing home beds shall have its application reviewed by the HSDA staff and considered by the HSDA pursuant to TCA Section 68-11-1609.

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +}\end{aligned}$$

The applicant calculated the following bed need. A need for 3,555 beds in Knox County, minus (1,967 existing beds - 140 VA beds) = 1,827, leaving a total bed need of 1,728 beds.

The Department of Health calculated the total bed need for Knox County to be 3,554 beds. (1,967 existing beds - 140 VA beds) = 1,827, leaving a total bed need of 1,727 beds.

2. **Planning horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

According to the 2016 Joint Annual Report for Nursing Homes, 48% of the patients utilizing NHC Healthcare, Farragut resided in Knox County.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Service Area Nursing Home Utilization, 2016

County	Nursing Home	Licensed. Beds	Total Days of Care	Licensed Occupancy
Knox	Beverly Park Place Health and Rehab	271	73,109	73.9%
Knox	Fort Sanders Transitional Care Unit	24	6,872	78.4%
Knox	Holston Health and Rehabilitation Center	94	29,618	86.3%
Knox	Island Home Park Health and Rehab	95	26,533	76.5%
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Knox	Westmoreland Health and Rehabilitation Center	222	51,449	63.5%
Total		1,967	566,684	78.9%

Joint Annual Report of Nursing Homes, 2016 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CON projects in the proposed service area of Knox County.

- 6. Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Noted by applicant.

- 7. Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Noted by applicant. The proposed project is for the addition of 6 beds to an existing 100 bed licensed nursing home facility.

- 8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:

- a. Proposes a replacement facility to modernize an existing facility.
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
- c. Does not increase its number of operating beds.

Not Applicable

- 9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

NHC is currently fully staffed and only requires the addition of .7 RN and 2 nursing aides in year one.

- 10. Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant provides a list of providers NHC Healthcare Farragut has established transfer agreements with on page 57 of the application, as well as an extensive list of other providers that NHC has community linkages with in the service area on page 25.

- 11. Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant's main focus is to provide post-acute care services primarily to patients discharged directly following an acute care hospital stay. The applicant reports on average, patients spend about 20 days in the skilled nursing facility receiving rehabilitative services which allows them to return to a less restrictive and less costly environment.

NHC is a Medicare certified provider and seeks to target patients are Medicare beneficiaries seeking skilled nursing care. The majority of patients placed in nursing facilities from an acute care setting are Medicare beneficiaries. The addition of this project will improve Medicare patient access to this level of care, as well as, reducing the health care system expense of potential added days of acute care stays as patients wait for Medicare bed to become available.

- 12. Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

NHC Healthcare, Farragut actively monitors key patient care outcomes: pressure ulcers, weight loss, and falls, and responds as determined by the data.

The applicant states that they currently meet the Quality Assessment and Assurance requirements mandated by our survey regulations. Each center uses The Quality Improvements Program Manual as a guide for internal committees and activities. The applicant also provides a copy of their Quality Assurance and Performance Improvement statement and principles and page 29 of the application.

NHC Healthcare Farragut participates in the Quality Improvement in Long Term Services and Supports Initiative (QuiLTSS). This program is directed towards Patient Satisfaction, Culture Change and Quality of Life, Staff Competency and 2 additional clinical measures. The company also uses a third party quality measure, NRC Health's post-acute customer experience program My InnerView. This measure is directed at improving quality in all long term care and short stay settings. This program provides for the collection of customer satisfaction information which can be analyzed to track patient satisfaction data nationally.

NHC Healthcare, Farragut has begun preparations for the proposed regulation for Quality Assurance and Performance Improvement mandated by the Affordable Care Act, by developing a QAPI purpose statement and principles on page 29 of the application.

13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all required data.

13. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant projects an occupancy rate of 85.9% and 91.9% in the years one and two respectively.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

The average occupancy for facilities with 50 or more beds does not meet the average of 90 percent.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

2016: 93.1%

Source: 2016 Joint Annual Reports for Nursing Homes